

# Bailey,Carr CPAs, P.C.

CERTIFIED PUBLIC ACCOUNTANTS



March 13, 2021

## Provisions included in the American Rescue Plan Act

The American Rescue Plan (ARPA) was signed into law on March 11, 2021. This bill extends and expands provisions found in the Families First Coronavirus Relief Act (FFCRA), the Coronavirus Aid, Relief and Economic Security Act (CARES) and the Consolidated Appropriations Act, 2021 (CAA, 2021). Some of the widespread effects of these acts are as follows:

### Individual Recovery Rebate

We have all heard extensively about the newest stimulus payments. The money should start being deposited into accounts this weekend. The rebate is \$1,400 per individual plus \$1,400 per dependent, including those over 17 who did not qualify before. Children who can be claimed by their parents are not eligible for the rebate, even if their parents do not actually claim them. The phase-out for this credit is rapid. It is as follows:

- Joint filers start at \$150,000 and is completely phased out at \$160,000.
- Head of Household filers start at \$112,500 and is completely phased out at \$120,000.
- Single filers start at \$75,000 and is completely phased out at \$80,000.

A taxpayer who is not eligible for the payment based on their 2019 income may be able to claim the credit on their 2021 return. However, if a taxpayer has already filed their 2020 tax return, the 2020 return will be used to calculate the advance credit.

### Unemployment Received in 2020 is Partially Excluded from Income for Some Taxpayers

If the adjusted gross income of a taxpayer is under \$150,000 without considering the unemployment received, up to \$10,200 of the unemployment is tax exempt. The \$150,000 limit is the same for married filing joint, single, or head of household. There is no phase out. If your income is \$1 over the limit, there is no exclusion. In the case of married couples, they each get a \$10,200 exclusion if they both collected unemployment benefits, but the limit remains the same.

*If a return has already been filed, it appears it will be necessary to file an amended return for the exclusion.*

### Unemployment Provisions

The \$300 a week federal unemployment payment from the FPUC has been extended through September 6, 2021. The waiving of the one-week benefit waiting period is also extended. The 50% credit for reimbursing employers has not been extended.

In 2021, for taxpayers with no qualifying children the 7.65% credit percentage is increased to 15.3%. The \$4,220 earned income amount is increased to \$9,820. The phase-out is increased to \$11,610 and presumably, \$16,610 for married couples.

#### **Dependent Care Assistance**

The amount for dependent care benefits increases from \$5,000 to \$10,500 for couples filing jointly and \$5,250 for married couples filing separately.

#### **Restaurant Revitalization Grants**

The ARPA appropriates \$28,600,000,000 for fiscal year 2021 to struggling restaurants. This is to be administered by the SBA. It is not for businesses that operate in more than 20 locations. These funds may be used for payroll costs, rent, utilities, maintenance, supplies, food and beverage expenses and any other expense deemed to be essential to maintain the business.

#### **Shuttered Venue Operators**

The CAA, 2021 authorizes grants to eligible live venue operators or promoters, theatrical producers, live performing arts organizations, museums, motion picture theater operators, or talent representatives that can show a 25% of reduction in revenues.

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