SRO COVID-19 Relief Package FAQs

What is in the new COVID-19 Relief Package?

Billions of dollars

• Broadband (increase internet connectivity)	$7
• Other*	$8
• Child Care	$10
• Community Development Financial Institutions & Minority Depository Institutions	$12
• Rental Assistance	$25
• Nutrition & Agriculture	$26
• ERTC, EITC, CTC & Business Meal Deduction*	$31
• Other Small Business Support	$41
• Transportation	$45
• Vaccines, Testing & Tracing, Community Health & Health Care Provider Support	$69
• Education	$82
• Unemployment Insurance	$120
• Direct Payments	$166
• Paycheck Protection Program	$284

*Other includes continuance of certain CARES Act programs such as top-of-line charitable deduction, employer paid student loan exclusions and Families First Paid Leave Tax Credit.

Abbreviations - Employee Retention Tax Credit (ERTC), Earned Income Tax Credit (EITC) and Child Tax Credit (CTC)

Rebate (Stimulus) Payments

What exactly is the second round of recovery rebates?

The rebates, also referred to as Economic Impact Payments, are refundable tax credits. This means that the rebate decreases a taxpayer's tax liability dollar-for-dollar. The credit can be refund to a taxpayer if they have no tax liability.

How much of a rebate will I receive this time?

Individuals who are not dependents may receive $600 (single filers and heads of household) or $1,200 (joint filers), with an additional $600 for every qualifying child.

To be eligible, individuals must have a Social Security Number (SSN), have adjusted gross incomes (AGI):

- under $75,000 (single)
- under $150,000 (joint)
- under $112,500 (heads of household)

AGI is determined using 2019 tax return. Rebates are reduced $50 for every $1,000 of income earned above noted income limits. For example, if you're single and had AGI of $80,000 in 2019, your rebate (stimulus checks) is going to be $350. Single filers with an AGI of $87,000 and no qualifying dependents will not receive a rebate.

NOTE: To receive a payment, a person must have been alive on January 1, 2020.

How do I get my rebate?

The IRS is going to use tax return information or Social Security data to direct deposit or mail rebates to many Americans. According to the U.S. Treasury Department, the first payments are going out the week of December 28, 2020.

Is there a minimum income amount to qualify for the rebate and claim dependents?

No. Filers with ZERO income can file for the rebate. However, they must file a tax return to ensure the IRS can process a rebate and comply with guidelines.

Which dependents qualify for a rebate?

The rebates use the Child Tax Credits eligibility rules. All qualifying children under the age 17, who have not provided for more than half of their own expenses and lived with the taxpayer for more than six (6) months, are eligible.

Adult dependents over the aged 17and over and elderly dependents do not qualify for the $600 rebate.

What if I had a baby in 2019 or earlier this year and did not file a tax return?

If a taxpayer has not already filed a 2019 return with the name and Social Security Number (SSN) of the eligible dependent being claimed, the filer will not receive credit for those dependents born after they filed their 2018 return. However, the taxpayer may claim a $600 credit for each eligible child on their 2020 return.

What if I am divorced? Does each parent receive a $600 check for each of their dependents?

Only the parental parent claiming the child as a dependent will receive the $600.

If I had high income in 2019 but lost my job, do I still qualify?

If a taxpayer's high income in 2019 puts them above the threshold, they may be in the phaseout (having refund reduced $50 for $1,000 above income limits) range and remain eligible for a partial refund. If their income is lower in 2020 when they file taxes, any remaining credit that they are eligible for will also be refunded or deducted from their tax liability when they file taxes for 2020.

What if my income rises in 2020 and I received a higher rebate using my 2019 return?

There is no penalty for receiving a rebate based on a lower income on 2019 or 2018 tax returns. If a filer's eligible rebate rises when using 2020 tax returns, that will be remedied on their 2020 return. If the filer is given too much, the IRS will not penalize them.

If my income drops in 2020, can I get additional rebate if I got a lower rebate based on 2019 income?

Yes, if a taxpayer's income drops in 2020, they will be eligible for any remaining rebate credit they were not able to claim using their 2019 or 2018 return.

If I make ore income in 2020, do I have to pay any amount back?

No, if the amount of credit a taxpayer qualifies for in 2020 is less than it was based on their 2019 return, it does not have to be paid back and it is not considered taxable income.

Social Security & Rebate Payments

Will those receiving Social Security benefits still receive a rebate check?

Yes, all taxpayers are eligible for the rebate, including those receiving Social Security benefits, subject to the same rules as other taxpayers. The rebate will be deposited into the bank account associated with benefits.

Do I still receive a check if I am on Social Security disability benefits?

Yes, the rebate will be deposited into the bank account associated with benefits.

What if I receive Supplemental Security Income but not Social Security benefits? Do I qualify for a rebate?

Yes, taxpayers will qualify for the rebate if their Adjusted Gross Income (AGI) is below the rebate thresholds depending on their filing status. If a taxpayer received Supplemental Security Income (SSI) but not Social Security benefits and did not file for taxes in 2019, the IRS will automatically send the rebate how taxpayers normally receive their SSI benefits, such as direct deposit, Direct Express by debit card or by paper check.

Paycheck Protection Program & Payroll Tax Credit Changes

Are expenses paid for with Paycheck Protection Program (PPP) loan proceeds deductible?

The new COVID-19 relief package clarifies that businesses can deduct expenses paid with forgiven PPP loans. This clarification applies to old loans and to new loans with no limitations. By clarifying both that loan forgiveness is not taxable income and that expenses can be deducted, this provision results in a two-part subsidy to businesses comprised of expense deductions and tax-free loan forgiveness.

Typically, forgiven debt is considered taxable income. In the CARES Act, lawmakers specified that forgiven PPP loans would not count as taxable income. They also intended that expenses paid for with PPP loans would be deductible but did not specify so in law. Section 265 of the tax code generally prohibits firms from deducting expenses associated with income that is tax-free, so without specification, the Treasury Department ruled that expenses paid for with PPP loans were not deductible. The new clarification affirms the originally intent of tax-free forgiveness and deductibility into law.

How did the payroll tax credit that employers can apply to employee wages (ERTC) change?

The new COVID-19 relief package expands the Employee Retention Tax Credit (ERTC). Employers may claim a 70 percent tax credit (up from 50 percent) on up to $10,000 in wages paid to employees per quarter (up from $10,00 per year) through July 1, 2021, resulting in up to a maximum of a $14,000 credit per employee (up from $5,000).

To qualify, firms must be suspended due to government actions related to coronavirus or experience a 20 percent decline (down from 50 percent) in gross receipts during a calendar quarter when compared to the same quarter in the previous year. For firms with 500 employees or more (expanded from 100 employees or more), the credit can only be applied to employees not able to do their duties due to a business suspension or a lack of business.

If a firm is taking a loan through the Paycheck Protection Program, can it also take the ERTC?

The new COVID-19 relief package clarifies that firms may have access to both the Paycheck Protection Program and the ERTC but prevents a double benefit from both programs.

What is the difference between the payroll tax credit created for coronavirus-related paid sick and family leave and the ERTC?

The Families First Coronavirus Response Act created tax credits on employer-side Social Security payroll taxes to offset paid family and sick leave related to the coronavirus. These have been extended through March 2021.

These payroll tax credits are different from and unrelated to the ERTC. The ERTC is not dependent on employees taking qualified sick or family leave and was created as part of the CARES Act.

Unemployment Insurance Changes

Have the CARES Act unemployment benefits been extended?

Yes, the new COVID-19 relief package extends certain unemployment benefit programs for 11 weeks.

Pandemic Unemployment Assistance (PUA) that provides UI benefits to workers who traditionally are ineligible, such as gig economy workers and independent contractors, is extended. Federal Pandemic Unemployment Assistance (FPUA) has been extended to provide an additional $300 per week supplement to state UI compensation. Pandemic Emergency Unemployment Compensation (PEUC), which originally provided an additional 13 weeks of UI benefits, will also be extended for 11 weeks (for a combined maximum of 50 weeks) and will expire on March 14, 2021.

Individuals receiving benefits beyond the standard 26-week period as of March 14th will continue receiving them through April 5th if they have not reached their maximum number of benefit weeks.

Workers with at least $5,000 in self-employment income may be eligible for an additional $100 per week benefit as part of the Mixed Earner Unemployment Compensation to adjust for a lower UI base payment.

How long do these benefits last?

The new COVID-19 relief package expands federal unemployment benefits for 11 weeks. Federal expansions will expire on March 14, 2021.

Individuals receiving benefits beyond the standard 26-week period as of March 14th will continue receiving them through April 5th if they have not reached their maximum number of benefit weeks.

How did the law change one-week waiting periods before filing for unemployment insurance?

The new law incentivizes states to end one-week waiting periods by providing 100 percent federal financing of the first week for states without one-week waiting periods. It will be up to each individual state to remove existing one-week waiting periods.

Who qualifies for the expanded Pandemic Unemployment Insurance?

Workers must meet these three qualifications: 1) ineligible for any other state or federal unemployment benefits; 2) unemployed, partially unemployed, or cannot work due to the COVID-19 public health emergency; and 3) cannot telework or receive paid leave. This includes workers like those who are self-employed, independent contractors, gig economy workers, and those who do not have enough work history to qualify for regular benefits.

These workers are now eligible for a temporary federal program called Pandemic Unemployment Assistance that provides 11 weeks of unemployment benefits.

How does the $300 weekly boost work?

The new COVID-19 relief package that provides the $300 weekly boost is fully funded by the federal government through the Federal Pandemic Unemployment Assistance (FPUA) program to augment the regular unemployment benefit amount an unemployed worker receives. States are not authorized to reduce the amount or duration of their Unemployment compensation during the time of the federal expansion.

Can someone laid off before the new law was passed qualify for the new benefits?

Yes. The $300 weekly boost will be provided as a supplement to those who are already receiving unemployment compensation at the state level.
Additionally, the renewed Pandemic Unemployment Assistance program provides benefits (including the $300 boost) for unemployment, partial unemployment, or inability to work that ends any week beginning after April 5, 2021. These benefits can be paid retroactively to those who qualify.

Rental Assistance

Is there any assistance for renters in the new relief package?

Yes, Congress approved $25 billion for rental assistance. Payment can be made directly to landlords and utility companies. In some instances, if landlords are uncooperative or disengaged, funds can be given directly to renters. Landlords are encouraged to assist renters with they application process. Renters can call 211 or visit www.211.org for additional information.

Have the federal moratoria on evictions been extended?

Yes, until January 31, 2021.

How will rental assistance funds be distributed?

The U.S. Department of Treasury will distribute funds to states, tribes, territories, the District of Columbia and units of local government with populations exceeding 200,000. The appropriate Connecticut state agency will facilitate payment to landlords, utilities and eligible households.

What are eligible uses of rental assistance funds?

Agencies receiving fund must expend at least 90% to pay:

- rent
- rent arrearage
- utilities and home energy cost
- utilities and home energy arrearage
- other housing expenses related to the pandemic

The remaining 10% of funds can be used for administrative cost related to case management and administrative cost. Assistance can last up to 12 months, plus an additional three months if necessary, to ensure housing stability.

What is considered an eligible household?

Funds may only benefit tenant households meeting each of the following three (3) criteria. Agencies also must ensure the assistance is not duplicative of any other federally funded source.

1. One or more individuals has
    a. qualified for unemployment benefits, or

    b. experienced a reduction in household income, incurred significant costs, or experienced other hardship due, directly or indirectly, to the pandemic (applicant must attest in writing).

2. One or more individuals demonstrate a risk of experiencing homelessness or housing instability, which may include
    a. a past due utility or rent notice or eviction notice
    b. unsafe or unhealthy living conditions, or
    c. any other evidence of such risk.

3. The household income may not exceed 80% of the area median income (AMI) based on either
    a. total income for calendar year 2020, or
    b. confirmation of monthly income at the time of application.

When documented by tenant confirmation, the agency must re-determine eligibility every three months. The assistance does not count as income for purposes of determining eligibility under any
Federally funded program.

Among eligible households, policies prioritize those with:

- incomes less than 50% of AMI, or
- situations whereby at least one individual has been unemployed as of the date of the application and who has not been employed for the preceding 90 days.

Additional Changes

How have the Child Tax Credit (CTC) and Earned Income Tax Credit (EITC) Changed?

The new COVID-19 relief package provides a “lookback adjustment” for both the Child Tax Credit and the Earned Income Tax Credit. Both tax credits phase in as taxpayers earn more income. Since many taxpayers may have lost income in 2020, that may have reduced the number of credits they are eligible for when they file taxes in the spring.

The lookback rule will help taxpayers prevent this loss of tax credit by allowing 2019 income to be used to determine an individual's credit eligibility for the 2020 tax year.