

## AMERICAN RESCUE PLAN ACT OF 2021

The [American Rescue Plan](#) was signed into law on March 11<sup>th</sup> and our office would like to share the following: The Plan includes a third round of Economic Impact Payments (EIPs) which will be delivered directly to taxpayers. The first stimulus payments are expected to reach taxpayers' bank accounts by March 17, and the IRS expects to deliver most stimulus payments within the next 3 weeks. The IRS will issue the 3rd stimulus payment to the same bank account used for a taxpayer's 2nd stimulus payment. Unbanked taxpayers may receive their 3rd stimulus payment by paper check mailed to the last known address on file with the IRS, or on an [Economic Impact Payment Card](#) which is a prepaid debit card issued by US Treasury. The IRS [Get My Payment](#) tool is scheduled to be updated on March 15. The tool will provide EIP status, but will not give taxpayers the ability to update their bank account information. A 2021 advance recovery rebate or a third economic impact payment (EIP3) of \$1,400 (\$2,800 MFJ) will be issued to each eligible individual plus \$1,400 to each dependent (including adult dependents). The payment will fully phase out when income reaches \$80,000 for single filers, \$120,000 for heads of household with one child, and \$160,000 for joint filers or surviving spouse. An eligible individual is anyone except: 1) Any nonresident alien individual, 2) Any individual who is a dependent of another taxpayer at the beginning of the calendar year, 3) An estate or trust. The recovery rebate credit is based on the 2019 or 2020 tax return and will be reconciled on the 2021 tax return. For payments based on the 2019 return, the bill contains a provision that allows for an additional payment if the advance of the recovery rebate is greater based on the taxpayer's 2020 return.

The Plan also includes Unemployment Benefits. Weekly unemployment benefits have been extended through Sept. 6, 2021, with a weekly benefit amount at \$300. The first \$10,200 (\$20,400 if MFJ) of unemployment benefits for 2020 will be nontaxable for taxpayers with adjusted gross income of less than \$150,000. If adjusted gross income is \$150,000 or greater, the full \$10,200 or \$20,400 of unemployment compensation becomes taxable. This will affect those taxpayers that have already filed with over \$10,200 of unemployment benefits and IRS is recommending not to amend their federal tax return. IRS will issue guidance on this later.