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The Coronavirus Aid, Relief, and Economic Security (CARES) Act—Tax Relief for Individuals and Businesses

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Congress is considering a number of proposals that seek to mitigate the economic effects of the Coronavirus disease 2019, or COVID-19, pandemic. One such proposal, the Coronavirus Aid, Relief, and Economic Security (CARES) Act (S. 3548), was introduced in the Senate on March 19, 2020. On March 22, 2020, an updated version of the CARES Act was circulated, as a proposed amendment to H.R. 748. A cloture vote on a motion to proceed, which was designed to allow consideration of the CARES Act, was rejected on March 22.[1] A third version of the CARES Act was released on March 25, 2020.[2] On March 25, the Senate voted 96-0 to pass H.R. 748, having previously amended it with the CARES Act. The House passed this version of the CARES Act on March 27, 2020, and President Trump signed the CARES Act (P.L. 116-136) into law.

Tax relief for individuals and businesses in the CARES Act includes

- a one-time rebate to taxpayers;
- modification of the tax treatment of certain retirement fund withdrawals and charitable contributions;
- a delay of employer payroll taxes and taxes paid by certain corporations; and
- other changes to the tax treatment of business income and net operating losses.

This is the latest in a series of legislative packages addressing the COVID-19 pandemic. Two other bills have been enacted into law: the Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 (P.L. 116-123) and the Families First Coronavirus Response Act (P.L. 116-127).

On March 23, 2020, an alternative to the CARES Act, the Take Responsibility for Workers and Families Act (H.R. 6379), was introduced in the House. For more information on the tax provision in this proposal, see CRS Report R46283, *The Take Responsibility for Workers and Families Act: Division T—Revenue Provisions*, coordinated by Molly F. Sherlock.

This report briefly summarizes the major individual and business tax provisions of the CARES Act, as passed in the Senate on March 25, 2020 (**Table 1**). The Joint Committee on Taxation (JCT) estimated that the individual and business tax provisions in the CARES Act would reduce federal tax revenue by $578.0 billion over the 10-year FY2020 through FY2030 budget window.[3] JCT's estimates are included in this report's Appendix. The report also summarizes tax provisions in earlier versions of the CARES Act—the version released March 22, 2020 (**Table 2**), as well as Division B of the first version of the CARES Act (S. 3548) (**Table 3**).[4] Links to CRS resources that offer additional information are provided.

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[1] http://www.congress.gov/cgi-lis/bdquery/z?d116:H.R.748:See https://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=116&session=2&vote=00078.

[2] See https://www.appropriations.senate.gov/news/senate-passes-critical-bipartisan-legislation-to-address-national-coronavirus-crisis.

[3] Joint Committee on Taxation, "Estimated Revenue Effects of the Revenue Provisions Contained in an Amendment in the Nature of a Substitute to H.R. 748, the 'Coronavirus Aid, Relief, and Economic Security ('CARES') Act,' as Passed by the Senate on March 25, 2020, and Scheduled for Consideration by the House of Representatives on March 27, 2020," JCX-11-20, March 26, 2020, at https://www.jct.gov/publications.html?func=startdown&id=5252.

[4] Other tax-related provisions included in other divisions of the CARES Act, and not discussed in this report, include changes that would temporarily suspend excise taxes related to aviation; provide a temporary tax exemption for certain telehealth services; temporarily include certain over-the-counter medical costs as qualified medical expenses for tax purposes; extend the sequestration on direct spending by one year, to 2030; and temporarily provide advance refunding of payroll tax credits for sick leave and paid family leave. For more on the sick and family leave payroll tax credits, see CRS Insight IN11243, *Tax Credit for Paid Sick and Family Leave in the Families First Coronavirus Response Act (H.R. 6201) (Updated)*, by Molly F. Sherlock.

Table 1. Individual and Business Tax Provisions in the CARES Act (P.L. 116-136)

Provision	Description	CRS Resources
Title II, Subtitle B—Rebates and Other Individual Provisions		
2020 recovery rebates for individuals	Would allow a credit against 2020 income taxes, but advanced, generally based on information from 2019 income tax returns. Credit would equal $1,200 ($2,400 for married joint filers). Taxpayers eligible for the credit could also receive $500 for each child eligible for the child tax credit. The total credit to phase out at a rate of 5% of adjusted gross income (AGI) above $75,000 ($112,500 for head of household filers, $150,000 for married joint returns). Generally, all individuals must have Social Security numbers. (Among members of the armed forces, only one spouse must have an SSN). Taxpayers must have filed a 2019 return (or filed a 2018 return if they did not file a 2019 return) in order to get a rebate in 2020. (For seniors that did not file a 2019 or 2018 income tax return, information from their 2019 Social Security benefit statement or, for Railroad Retirement beneficiaries, their 2019 Social Security equivalent benefit statement, can be used instead.) Otherwise, it could be claimed on a 2020 income tax return.	For more, see • CRS Insight IN11268, *COVID-19 and Direct Payments to Individuals: Summary of the 2020 Recovery Rebates in the CARES Act, as Circulated March 22*, by Margot L. Crandall-Hollick. • CRS Insight IN11270, *COVID-19 and Direct Payments to Individuals: Estimated Impact of Recovery Rebates in H.R. 748 on Family Incomes*, by Conor F. Boyle and Jameson A. Carter. • CRS Insight IN11255, *COVID-19 and Direct Payments to Individuals: How Did the 2008 Recovery Rebates Work?*, by Margot L. Crandall-Hollick. • CRS Insight IN11247, *COVID-19 and Direct Payments to Individuals: Considerations on Using Advanced Refundable Credits as Economic Stimulus*, by Margot L. Crandall-Hollick. • CRS Insight IN11256, *COVID-19 and Direct Payments to Individuals: Historical Precedents*, by Gene Falk. • CRS Insight IN11234, *Tax Cuts as Fiscal Stimulus: Comparing a Payroll Tax Cut to a One-Time Tax Rebate*, by Molly F. Sherlock and Donald J. Marples. • CRS Report RS21126, *Tax Cuts and Economic Stimulus: How Effective Are the Alternatives?*, by Jane G. Gravelle.
Special rules for use of retirement funds	For retirement plan distributions, the provision would provide an exception to the 10% early withdrawal penalty for distributions up to $100,000 for coronavirus-affected individuals. Income from such distributions would be recognized over three years, and taxpayers can recontribute funds to an eligible retirement plan in the first year or within three years without regard to the year's contribution cap. For coronavirus-affected individuals, loan limits from retirement plans would be increased from $50,000 to $100,000 and the repayment deadline is delayed for loans that are due in 2020.	For more, see • CRS In Focus IF11472, *Withdrawals and Loans from Retirement Accounts for COVID-19 Expenses*, by John J. Topoleski and Elizabeth A. Myers. • CRS Report R45864, *Tax Policy and Disaster Recovery*, by Molly F. Sherlock and Jennifer Teefy. • CRS In Focus IF11447, *COVID-19: Social Insurance and Other Income-Support Options for Those Unable to Work*, coordinated by Laura Haltzel.

Provision	Description	CRS Resources
Temporary waiver of required minimum distribution rules for certain retirement plans and accounts	In general, required minimum distribution (RMD) rules required that taxpayers of a certain age withdraw minimum amounts annually. RMD rules typically apply to taxpayers after reaching age 72 (70½ before 2020). This provision would waive minimum distribution requirements for 2020.	For background on required minimum distributions, see • CRS Insight IN11272, *Required Minimum Distributions from Retirement Accounts Under the Economic Stimulus Proposals Related to the Coronavirus (COVID-19)*, by Jane G. Gravelle.
Allowance of partial above-the-line deduction for charitable contributions	An above-the-line deduction for cash contributions of up to $300 would be made available for taxpayers not itemizing deductions.	For more on the tax treatment of charitable contributions, see • CRS Report R45922, *Tax Issues Relating to Charitable Contributions and Organizations*, by Jane G. Gravelle, Donald J. Marples, and Molly F. Sherlock. • CRS In Focus IF11022, *The Charitable Deduction for Individuals*, by Margot L. Crandall-Hollick and Molly F. Sherlock.
Modification of limitations on charitable contributions during 2020	Income limits apply to both individual and charitable contribution deductions. This provision would suspend the 50% of AGI limit (temporarily 60% for cash contributions through 2025) on cash contributions for individuals for 2020. The corporate deduction limit would be increased from 10% of taxable income to 25% for cash contributions. The limit on the deduction of food inventory would be increased from 15% to 25%. The increased limits do not apply to contributions to private foundations and donor-advised funds.	For more on disaster-related changes in charitable giving limits, see • CRS Report R45864, *Tax Policy and Disaster Recovery*, by Molly F. Sherlock and Jennifer Teefy. For more on the tax treatment of charitable contributions, see • CRS Report R45922, *Tax Issues Relating to Charitable Contributions and Organizations*, by Jane G. Gravelle, Donald J. Marples, and Molly F. Sherlock. • CRS In Focus IF11022, *The Charitable Deduction for Individuals*, by Margot L. Crandall-Hollick and Molly F. Sherlock.

Provision	Description	CRS Resources
Exclusion for certain employer payments of student loans	Would temporarily expand the definition of employer-sponsored educational assistance to include qualified student loan payments made to employees in 2020. Under current law, employers can provide their employees with up to $5,250 per employee per year in educational assistance—generally for tuition, fees, and related supplies—that is excluded from wages (and hence not subject to income or payroll taxes). Under this provision, qualified student loan payments would be subject to the overall cap of $5,250 per employee per year. Payments made by the employer could go to the employee directly or to the lender. Payments could cover both the principal and interest of the qualified student loan. Qualified student loans would be those eligible for the student loan interest deduction (IRC section 221(d)(1)) that are incurred by the employee for the employee's education. This provision would apply to any student loan payment made by an employer on an employee's behalf after the date of enactment and before January 1, 2021.	For background on the tax treatment of employer-sponsored educational assistance, see • CRS Report R41967, *Higher Education Tax Benefits: Brief Overview and Budgetary Effects*, by Margot L. Crandall-Hollick.
Title II, Subtitle C—Business Provisions		
Employee retention credit for employers subject to closure due to COVID-19	Would create a refundable payroll tax credit computed as 50% of wages paid by eligible employers. Up to $10,000 in qualified wages could be taken into account per employee in determining the credit amount. Health plan expenses can be treated as wages when computing the credit. Eligible employers are those who (1) were required to fully or partially suspend operations due to a COVID-19-related order (includes nonprofit employers); or (2) have gross receipts 50% less than gross receipts in the same quarter in the prior calendar year. Qualified wages depend on the number of employees the employer had during 2019. If the employer had more than 100 full-time employees, qualifying wages are wages paid when employee services are not provided (with qualifying wages limited to the amount the employee would have been paid for working an equivalent duration during the 30 days preceding the nonservice period). If the employer had 100 or fewer full-time employees, all employee wages paid by eligible employers are credit-eligible. This credit would not apply to government employers. The Social Security trust funds would not be affected.	For background, see • CRS Insight IN11260, *COVID-19 Economic Stimulus: Business Payroll Tax Cuts*, by Molly F. Sherlock and Donald J. Marples.

Provision	Description	CRS Resources
Delay of payment of employer payroll taxes	Employers and self-employed individuals would be able to defer, or postpone, the employer share of the Social Security payroll tax through the end of 2020. Deferred tax liability would be paid in two installments: one due by December 31, 2021, and the second by December 31, 2022. The Social Security trust funds would not be affected.	For more, see • CRS Insight IN11260, *COVID-19 Economic Stimulus: Business Payroll Tax Cuts*, by Molly F. Sherlock and Donald J. Marples.
Modifications for net operating losses	The provision would allow carrybacks for up to five years for net operating losses (NOLs) recorded in tax years 2018, 2019, and 2020. NOL carryback capabilities were repealed by the 2017 tax revision (P.L. 115-97), and were previously allowed for up to two years. This provision would also temporarily lift the income limitation applicable to the corporate income tax treatment of NOLs under current law.	For more, see • CRS Insight IN11240, *COVID-19: Potential Role of Net Operating Loss (NOL) Carrybacks in Addressing the Economic Effects*, by Mark P. Keightley.
Modification of limitation on losses for taxpayers other than corporations	This provision allows taxpayers not subject to the corporate income tax that incur NOLs, including pass-through businesses and sole proprietorships, to receive the temporary NOL carryback capabilities provided to corporations, as described above.	For more, see • CRS Insight IN11240, *COVID-19: Potential Role of Net Operating Loss (NOL) Carrybacks in Addressing the Economic Effects*, by Mark P. Keightley.
Modification of credit for prior year minimum tax liability of corporations	The corporate alternative minimum tax (AMT) was repealed by the 2017 tax revision (P.L. 115-97). Corporations having AMT credits (for prior year AMT payments) were allowed to claim the credits against regular tax liability for tax years through 2021. This provision makes these credits refundable in tax years 2018 and 2019.	For more on the corporate AMT before its repeal, see • CRS In Focus IF10705, *Tax Reform: The Alternative Minimum Tax*, by Donald J. Marples.
Modification of limitation on business interest	The 2017 tax revision (P.L. 115-97) reduced the limit on the deduction for net interest from 50% to 30% of adjusted taxable income (income before taxes, interest deductions, and depreciation, amortization or depletion deductions). P.L. 115-97 also eliminated the rule that restricted net interest deduction limits to firms with a debt-to-equity ratio above 1.5. These revisions were adopted, in part, to reduce profit-shifting by multinational corporations (by borrowing in the United States). This provision would increase the limit to 50% for 2019 and 2020.	For more, see • CRS Insight IN11287, *Limits on Business Interest Deductions Under the Coronavirus Aid, Relief, and Economic Security (CARES) Act*, by Jane G. Gravelle. • CRS Report R45186, *Issues in International Corporate Taxation: The 2017 Revision (P.L. 115-97)*, by Jane G. Gravelle and Donald J. Marples.
Technical amendments regarding qualified improvement property	The 2017 tax revision (P.L. 115-97) increased the period for deducting the cost of qualified improvement property (leasehold, restaurant, and retail property improvements) from 15 years to 39 years. This change was apparently a technical error that also prevented these investments from being expensed immediately (sometimes referred to as *bonus depreciation*). This provision would allow these investments to be expensed.	For more, see • CRS In Focus IF11187, *Qualified Improvement Property and the 2017 Tax Revision (P.L. 115-97)*, by Gary Guenther.

Provision	Description	CRS Resources
Temporary exception from excise tax for alcohol used to produce hand sanitizer	Undenatured ethanol is subject to the excise tax on distilled spirits that normally applies to alcoholic products for consumption. The current tax rate on distilled spirits is $13.50 per proof gallon. A proof gallon is 50% alcohol. The change would exempt distilled spirits used to make hand sanitizer for 2020.	For background on alcohol excise taxes, see • CRS Report R43350, *Alcohol Excise Taxes: Current Law and Economic Analysis*, by Sean Lowry.

Source: CRS analysis of the CARES Act (P.L. 116-136).

Table 2. Individual and Business Tax Provisions in the CARES Act, March 22, 2020, Version

Provision	Description	CRS Resources
Title II, Subtitle B—Rebates and Other Individual Provisions		
2020 recovery rebates for individuals	Would allow a credit against 2020 income taxes, but advanced, generally based on information from 2019 income tax returns. Credit would equal $1,200 ($2,400 for married joint filers). Taxpayers eligible for the credit could also receive $500 for each child eligible for the child tax credit. The total credit to phase out at a rate of 5% of adjusted gross income (AGI) above $75,000 ($112,500 for head of household filers, $150,000 for married joint returns). Generally, all individuals must have Social Security numbers. (Among members of the armed forces, only one spouse must have an SSN). Taxpayers must have filed a 2019 return (or filed a 2018 return if they did not file a 2019 return) in order to get a rebate in 2020. (For seniors that did not file a 2019 or 2018 income tax return, information from their 2019 Social Security benefit statement or, for Railroad Retirement beneficiaries, their 2019 Social Security equivalent benefit statement, can be used instead.) Otherwise, it could be claimed on a 2020 income tax return.	For more, see • CRS Insight IN11255, *COVID-19 and Direct Payments to Individuals: How Did the 2008 Recovery Rebates Work?*, by Margot L. Crandall-Hollick. • CRS Insight IN11247, *COVID-19 and Direct Payments to Individuals: Considerations on Using Advanced Refundable Credits as Economic Stimulus*, by Margot L. Crandall-Hollick. • CRS Insight IN11256, *COVID-19 and Direct Payments to Individuals: Historical Precedents*, by Gene Falk. • CRS Insight IN11234, *Tax Cuts as Fiscal Stimulus: Comparing a Payroll Tax Cut to a One-Time Tax Rebate*, by Molly F. Sherlock and Donald J. Marples. • CRS Report RS21126, *Tax Cuts and Economic Stimulus: How Effective Are the Alternatives?*, by Jane G. Gravelle.
Special rules for use of retirement funds	For retirement plan distributions, the provision would provide an exception to the 10% early withdrawal penalty for distributions up to $100,000 for coronavirus-affected individuals. Income from such distributions would be recognized over three years, and taxpayers can recontribute funds to an eligible retirement plan in the first year or within three years without regard to the year's contribution cap. For coronavirus-affected individuals, loan limits from retirement plans would be increased from $50,000 to $100,000 and the repayment deadline is delayed for loans that are due in 2020.	For more, see • CRS In Focus IF11472, *Withdrawals and Loans from Retirement Accounts for COVID-19 Expenses*, by John J. Topoleski and Elizabeth A. Myers. • CRS Report R45864, *Tax Policy and Disaster Recovery*, by Molly F. Sherlock and Jennifer Teefy. • CRS In Focus IF11447, *COVID-19: Social Insurance and Other Income-Support Options for Those Unable to Work*, coordinated by Laura Haltzel.
Temporary waiver of required minimum distribution rules for certain retirement plans and accounts	In general, required minimum distribution (RMD) rules require that taxpayers of a certain age withdraw minimum amounts annually. RMD rules typically apply to taxpayers after reaching age 72 (70½ before 2020). This provision would waive minimum distribution requirements for 2020.	For background on required minimum distributions, see • CRS Insight IN11272, *Required Minimum Distributions from Retirement Accounts Under the Economic Stimulus Proposals Related to the Coronavirus (COVID-19)*, by Jane G. Gravelle.

Provision	Description	CRS Resources
Allowance of partial above-the-line deduction for charitable contributions	An above-the-line deduction for cash contributions of up to $300 would be made available for taxpayers not itemizing deductions.	For more on the tax treatment of charitable contributions, see • CRS Report R45922, *Tax Issues Relating to Charitable Contributions and Organizations*, by Jane G. Gravelle, Donald J. Marples, and Molly F. Sherlock. • CRS In Focus IF11022, *The Charitable Deduction for Individuals*, by Margot L. Crandall-Hollick and Molly F. Sherlock.
Modification of limitations on charitable contributions during 2020	Income limits apply to both individual and charitable contribution deductions. This provision would suspend the 50% of AGI limit (temporarily 60% for cash contributions through 2025) on cash contributions for individuals for 2020. The corporate deduction limit would be increased from 10% of taxable income to 25% for cash contributions. The limit on the deduction of food inventory would be increased from 15% to 25%. The increased limits do not apply to contributions to private foundations and donor-advised funds.	For more on disaster-related changes in charitable giving limits, see • CRS Report R45864, *Tax Policy and Disaster Recovery*, by Molly F. Sherlock and Jennifer Teefy. For more on the tax treatment of charitable contributions, see • CRS Report R45922, *Tax Issues Relating to Charitable Contributions and Organizations*, by Jane G. Gravelle, Donald J. Marples, and Molly F. Sherlock. • CRS In Focus IF11022, *The Charitable Deduction for Individuals*, by Margot L. Crandall-Hollick and Molly F. Sherlock.
Title II, Subtitle C—Business Provisions		
Delay of payment of employer payroll taxes	Employers and self-employed individuals would be able to defer, or postpone, the employer share of the Social Security payroll tax through the end of 2020. Deferred tax liability would be paid in two installments: one due by December 31, 2021, and the second by December 31, 2022. The Social Security trust funds would not be affected.	For more, see • CRS Insight IN11260, *COVID-19 Economic Stimulus: Business Payroll Tax Cuts*, by Molly F. Sherlock and Donald J. Marples.
Modifications for net operating losses	The provision would allow carrybacks for up to five years for net operating losses (NOLs) recorded in tax years 2018, 2019, and 2020. NOL carryback capabilities were repealed by the 2017 tax revision (P.L. 115-97), and were previously allowed for up to two years. This provision would also temporarily lift the income limitation applicable to the corporate income tax treatment of NOLs under current law.	For more, see • CRS Insight IN11240, *COVID-19: Potential Role of Net Operating Loss (NOL) Carrybacks in Addressing the Economic Effects*, by Mark P. Keightley.
Modification of limitation on losses for taxpayers other than corporations	This provision allows taxpayers not subject to the corporate income tax that incur NOLs, including pass-through businesses and sole proprietorships, to receive the temporary	For more, see • CRS Insight IN11240, *COVID-19: Potential Role of Net Operating Loss (NOL) Carrybacks in*

Provision	Description	CRS Resources
	NOL carryback capabilities provided to corporations, as described above.	*Addressing the Economic Effects*, by Mark P. Keightley.
Modification of credit for prior year minimum tax liability of corporations	The corporate alternative minimum tax (AMT) was repealed by the 2017 tax revision (P.L. 115-97). Corporations having AMT credits (for prior year AMT payments) were allowed to claim the credits against regular tax liability for tax years through 2021. This provision makes these credits refundable.	For more on the corporate AMT before its repeal, see • CRS In Focus IF10705, *Tax Reform: The Alternative Minimum Tax*, by Donald J. Marples.
Modification of limitation on business interest	The 2017 tax revision (P.L. 115-97) reduced the limit on the deduction for net interest from 50% to 30% of adjusted taxable income (income before taxes, interest deductions, and depreciation, amortization or depletion deductions). P.L. 115-97 also eliminated the rule that restricted net interest deduction limits to firms with a debt-to-equity ratio above 1.5. These revisions were adopted, in part, to reduce profit-shifting by multinational corporations (by borrowing in the United States). This provision would increase the limit to 50% for 2019 and 2020.	For more, see • CRS Insight IN11287, *Limits on Business Interest Deductions Under the Coronavirus Aid, Relief, and Economic Security (CARES) Act*, by Jane G. Gravelle. • CRS Report R45186, *Issues in International Corporate Taxation: The 2017 Revision (P.L. 115-97)*, by Jane G. Gravelle and Donald J. Marples.
Technical amendments regarding qualified improvement property	The 2017 tax revision (P.L. 115-97) increased the period for deducting the cost of qualified improvement property (leasehold, restaurant, and retail property improvements) from 15 years to 39 years. This change was apparently a technical error that also prevented these investments from being expensed immediately (sometimes referred to as *bonus depreciation*). This provision would allow these investments to be expensed.	For more, see • CRS In Focus IF11187, *Qualified Improvement Property and the 2017 Tax Revision (P.L. 115-97)*, by Gary Guenther.

Source: CRS analysis of the CARES Act, March 22, 2020, version. Cloture on the motion to proceed was rejected in the Senate.

Table 3. Provisions in Division B of the CARES Act (S. 3548), as Introduced on March 19, 2020

Provision	Description	CRS Resources
Title I—Rebates and Other Individual Provisions		
2020 recovery rebates for individuals	Credit against 2020 income taxes, but advanced, generally based on 2018 income tax returns. Credit equals the greater of (1) taxpayer's *net income tax liability* up to $1,200 ($2,400 for married joint filers). Net income tax liability is income tax liability *before* the child tax credit and refundable tax credits (like the EITC); or (2) $600 ($1,200 for married joint filers) if the taxpayer has *qualifying income*. To have qualifying income, taxpayer must have either (a) at least $2,500 in total of earned income, Social Security income, or veterans' benefits, or (b) gross income above the taxpayer's standard deduction and $1 of net income tax liability. Taxpayers eligible for the credit can also receive $500 for each child eligible for the child credit. The total credit phases out at a rate of 5% of adjusted gross income (AGI) above $75,000 ($150,000 for married joint returns). All individuals must have Social Security numbers. Taxpayers must have filed a 2018 return (or file a 2019 return if they did not file a 2018 return) in order to get a rebate in 2020. Otherwise, it can be claimed on a 2020 income tax return.	For more, see • CRS Insight IN11255, *COVID-19 and Direct Payments to Individuals: How Did the 2008 Recovery Rebates Work?*, by Margot L. Crandall-Hollick. • CRS Insight IN11247, *COVID-19 and Direct Payments to Individuals: Considerations on Using Advanced Refundable Credits as Economic Stimulus*, by Margot L. Crandall-Hollick. • CRS Insight IN11256, *COVID-19 and Direct Payments to Individuals: Historical Precedents*, by Gene Falk. • CRS Insight IN11234, *Tax Cuts as Fiscal Stimulus: Comparing a Payroll Tax Cut to a One-Time Tax Rebate*, by Molly F. Sherlock and Donald J. Marples. • CRS Report RS21126, *Tax Cuts and Economic Stimulus: How Effective Are the Alternatives?*, by Jane G. Gravelle.
Delay of certain deadlines	Tax filing deadline extended from April 15, 2020, to July 15, 2020, to align with the extended payment deadline.[a] Allows individuals required to make estimated tax payments to postpone such payments until October 15, 2020.	For more on IRS administrative relief for tax filing deadlines following disasters, see • CRS Report R45864, *Tax Policy and Disaster Recovery*, by Molly F. Sherlock and Jennifer Teefy.
Special rules for use of retirement funds	For retirement plan distributions, the provision would provide an exception to the 10% early withdrawal penalty for distributions up to $100,000 for coronavirus-affected individuals. Income from such distributions would be recognized over three years, and taxpayers can recontribute funds to an eligible retirement plan in the first year or within three years without regard to the year's contribution cap. For coronavirus-affected individuals, loan limits from retirement plans would be increased from $50,000 to $100,000 and the repayment deadline is delayed for loans that are due in 2020.	For more on disaster-related special retirement fund access, see • CRS In Focus IF11472, *Withdrawals and Loans from Retirement Accounts for COVID-19 Expenses*, by John J. Topoleski and Elizabeth A. Myers. • CRS Report R45864, *Tax Policy and Disaster Recovery*, by Molly F. Sherlock and Jennifer Teefy. • CRS In Focus IF11447, *COVID-19: Social Insurance and Other Income-Support Options for Those Unable to*

Provision	Description	CRS Resources
		Work, coordinated by Laura Haltzel.
Allowance of partial above-the-line deduction for charitable contributions	An above-the-line deduction for cash contributions of up to $300 would be made available for taxpayers not itemizing deductions.	For more on the tax treatment of charitable contributions, see • CRS Report R45922, *Tax Issues Relating to Charitable Contributions and Organizations*, by Jane G. Gravelle, Donald J. Marples, and Molly F. Sherlock. • CRS In Focus IF11022, *The Charitable Deduction for Individuals*, by Margot L. Crandall-Hollick and Molly F. Sherlock.
Modification of limitations on charitable contributions during 2020	Income limits apply to both individual and charitable contribution deductions. This provision would suspend the 50% of AGI limit (temporarily 60% for cash contributions through 2025) on cash contributions for individuals for 2020. The corporate deduction limit would be increased from 10% of taxable income to 25% for cash contributions. The limit on the deduction of food inventory would be increased from 15% to 25%. The increased limits do not apply to contributions to private foundations and donor-advised funds.	For more on disaster-related changes in charitable giving limits, see • CRS Report R45864, *Tax Policy and Disaster Recovery*, by Molly F. Sherlock and Jennifer Teefy. For more on the tax treatment of charitable contributions, see • CRS Report R45922, *Tax Issues Relating to Charitable Contributions and Organizations*, by Jane G. Gravelle, Donald J. Marples, and Molly F. Sherlock. • CRS In Focus IF11022, *The Charitable Deduction for Individuals*, by Margot L. Crandall-Hollick and Molly F. Sherlock.
Title II—Business Provisions		
Delay of estimated tax payments for corporations	Corporations would be allowed to postpone estimated tax payments to October 15, 2020.	
Delay of payment of employer payroll taxes	Employers and self-employed individuals would be able to defer, or postpone, the employer share of the Social Security payroll tax through the end of 2020. Deferred tax liability would be paid in two installments: one due by December 31, 2021, and the second by December 31, 2022. The Social Security trust funds would not be affected.	For more, see • CRS Insight IN11260, *COVID-19 Economic Stimulus: Business Payroll Tax Cuts*, by Molly F. Sherlock and Donald J. Marples.
Modifications for net operating losses	The provision would allow carrybacks for up to five years for net operating losses (NOLs) recorded in tax years 2018, 2019, and 2020. NOL carryback capabilities were repealed by the 2017 tax revision (P.L. 115-97), and were previously allowed for up to two years. This provision would also temporarily lift the income limitation applicable to the corporate income tax treatment of NOLs under current law.	For more, see • CRS Insight IN11240, *COVID-19: Potential Role of Net Operating Loss (NOL) Carrybacks in Addressing the Economic Effects*, by Mark P. Keightley.

Provision	Description	CRS Resources
Modification of limitation on losses for taxpayers other than corporations	This provision allows taxpayers not subject to the corporate income tax that incur NOLs, including pass-through businesses and sole proprietorships, to receive the temporary NOL carryback capabilities provided to corporations, as described above.	For more, see • CRS Insight IN11240, *COVID-19: Potential Role of Net Operating Loss (NOL) Carrybacks in Addressing the Economic Effects*, by Mark P. Keightley.
Modification of credit for prior year minimum tax liability of corporations	The corporate alternative minimum tax (AMT) was repealed by the 2017 tax revision (P.L. 115-97). Corporations having AMT credits (for prior year AMT payments) were allowed to claim the credits against regular tax liability for tax years through 2021. This provision makes these credits refundable.	For more on the corporate AMT before its repeal, see • CRS In Focus IF10705, *Tax Reform: The Alternative Minimum Tax*, by Donald J. Marples.
Modification of limitation on business interest	The 2017 tax revision (P.L. 115-97) reduced the limit on the deduction for net interest from 50% to 30% of adjusted taxable income (income before taxes, interest deductions, and depreciation, amortization or depletion deductions). P.L. 115-97 also eliminated the rule that restricted net interest deduction limits to firms with a debt-to-equity ratio above 1.5. These revisions were adopted, in part, to reduce profit-shifting by multinational corporations (by borrowing in the United States). This provision would increase the limit to 50% for 2019 and 2020.	For more, see • CRS Report R45186, *Issues in International Corporate Taxation: The 2017 Revision (P.L. 115-97)*, by Jane G. Gravelle and Donald J. Marples.
Technical amendments regarding qualified improvement property	The 2017 tax revision (P.L. 115-97) increased the period for deducting the cost of qualified improvement property (leasehold, restaurant, and retail property improvements) from 15 years to 39 years. This change was apparently a technical error that also prevented these investments from being expensed immediately (sometimes referred to as *bonus depreciation*). This provision would allow these investments to be expensed.	For more, see • CRS In Focus IF11187, *Qualified Improvement Property and the 2017 Tax Revision (P.L. 115-97)*, by Gary Guenther.
Installments not to prevent credit or refund of overpayments or increase estimated taxes	As part of the transition to a new international tax regime under the 2017 tax revision (P.L. 115-97), firms were required to pay taxes on their prior untaxed foreign earnings (the repatriation tax). Firms could elect to pay these taxes in eight annual installments. Due to what was apparently a technical error, firms that overpaid their regular taxes in 2017 could not receive a refund if they owed taxes on repatriations. This provision allows firms to receive refunds for 2017.	For more, see • CRS Report R45186, *Issues in International Corporate Taxation: The 2017 Revision (P.L. 115-97)*, by Jane G. Gravelle and Donald J. Marples.
Restoration of limitation on downward attribution of stock ownership in applying constructive ownership rules	The 2017 tax revision (P.L. 115-97) treats stock owned by a foreign person as attributable to a U.S. entity owned by the foreign person ("downward attribution"). As a result, stock owned by a foreign person may generally be attributed to (1) a U.S. corporation, 10% of the value of the stock of which is owned, directly or indirectly, by the	For more, see • CRS Report R45186, *Issues in International Corporate Taxation: The 2017 Revision (P.L. 115-97)*, by Jane G. Gravelle and Donald J. Marples.

Provision	Description	CRS Resources
	foreign person; (2) a U.S. partnership in which the foreign person is a partner; and (3) certain U.S. trusts if the foreign person is a beneficiary or, in certain circumstances, a grantor or a substantial owner. Downward attribution rules can result in additional tax to the U.S. entity under rules taxing certain income of controlled foreign corporations. This provision limits the application of the downward application rules to a U.S. corporation owning, directly or indirectly, 50% of the value of stock.	

Source: CRS analysis of the CARES Act (S. 3548, as Introduced).

a. In guidance released on March 18, 2020, the U.S. Department of the Treasury announced that the tax payment deadline had been extended from April 15, 2020, to July 15, 2020. This guidance did not extend the April 15, 2020, filing deadline. See U.S. Department of the Treasury, "Treasury and IRS Issue Guidance on Deferring Tax Payments Due to COVID-19 Outbreak," press release, March 18, 2020, at https://home.treasury.gov/news/press-releases/sm948. Subsequently, Treasury announced via tweet that the tax filing deadline would also be moved to July 15, 2020.

Appendix. Revenue Losses from the CARES Act

The Joint Committee on Taxation (JCT) estimated that the lost revenue from Subtitles B and C of Title II of the Coronavirus Aid, Relief, and Economic Security (CARES) Act will be $578.0 billion for FY2020 through FY2030 (see **Table A.1**). The largest provision, in terms of federal revenue loss, is the individual 2020 recovery rebates. It is estimated that this provision will reduce federal revenue by $292.4 billion, with most of the revenue loss occurring in FY2020. For businesses, the largest provision in FY2020 and FY2021 is the one that allows employers to delay payroll tax payments. This will reduce federal revenues by $211.1 billion and $140.7 billion in FY2020 and FY2021, respectively. However, since this is a delay in payment, much of this lost revenue is recovered when delayed tax payments are made in FY2022 and FY2023. For businesses, the largest provision in terms of revenue loss over the FY2020 through FY2030 budget window, at $169.6 billion, is that which allows noncorporate business taxpayers NOL carrybacks.

Table A.1. Revenue Losses from the CARES Act Individual and Business Tax Provisions, FY2020 - FY2030

millions of dollars

Provision	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2020-2030
Rebates and Other Individual Provisions												
2020 recovery rebates for individuals	268,984	23,390	—	—	—	—	—	—	—	—	—	**292,374**
Special rules for use of retirement funds	-144	2,096	333	27	17	21	30	36	42	48	54	**2,560**
Temporary waiver of required minimum distribution rules for certain retirement plans and accounts	10,620	1,104	-923	-999	-852	-774	-824	-795	-731	-670	-619	**4,538**
Allowance of partial above-the-line deduction for charitable contributions	310	1,241	—	—	—	—	—	—	—	—	—	**1,551**
Modification of limitations on charitable contributions during 2020	1,080	3,748	-2,403	-741	-367	-45	-179	—	—	—	—	**1,093**
Exclusion for certain employer payments of student loans	215	245	—	—	—	—	—	—	—	—	—	**460**
Business Provisions												
Employee retention credit for employers subject to closure due to COVID-19	49,115	5,457	—	—	—	—	—	—	—	—	—	**54,572**
Delay of payment of employer payroll taxes	211,071	140,714	-170,967	-168,505	—	—	—	—	—	—	—	**12,312**
Modifications for net operating losses	80,032	8,671	-3,133	-4,053	-9,009	-12,990	-12,673	-8,701	-6,214	-2,945	-3,477	**25,509**

Provision	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2020-2030
Modification of limitation on losses for taxpayers other than corporations	74,339	66,271	3,664	3,591	3,494	3,428	3,243	2,994	2,946	2,859	2,780	**169,609**
Modification of credit for prior year minimum tax liability of corporations	3,201	-3,201	—	—	—	—	—	—	—	—	—	—
Modification of limitation on business interest	7,173	4,915	461	444	298	74	19	5	1	-i-	-i-	**13,390**
Technical amendments regarding qualified improvement property	—	—	—	—	—	—	—	—	—	—	—	—
Temporary exception from excise tax for alcohol used to produce hand sanitizer	-i-	-i-	—	—	—	—	—	—	—	—	—	**-i-**
Total	**705,996**	**254,651**	**-172,968**	**-170,236**	**-6,419**	**-10,286**	**-10,384**	**-6,461**	**-3,956**	**-708**	**-1,262**	**577,968**

Source: Joint Committee on Taxation, JCX-11-20, March 26, 2020, at https://www.jct.gov/publications.html?func=startdown&id=5252.

Notes: -i- represents loss of less than $500,000. A positive value indicates a revenue loss, or decrease in federal revenue. A negative value indicates an increase in federal revenue.

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