



COVID-19  
INDIVIDUAL UPDATE  
03/29/20

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FEDERAL ACTS  
AND STATE  
INITIATIVES

Income Tax Changes – IRS and  
State of Georgia

Families First Coronavirus  
Response Act (FFCRA)

Coronavirus Aid, Relief and  
Economic Security Act (CARES Act)

# EXECUTIVE SUMMARY



Families First Coronavirus Relief Act (FFCRA) and Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provide significant unemployment benefits for individuals



Federal income tax payment and filing deadlines delayed



FFCRA and CARES Act have certain benefits for businesses that are required to be used to benefit employees



Georgia state income tax payment and filing deadline has been delayed

# TABLE OF CONTENTS

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- INCOME TAX FILINGS AND PAYMENT CHANGES

- Federal

- State

- Extensions

- FFCRA & CARES ACT

- Unemployment Benefits

- Rebates

- Retirement Plans

- Charitable Contributions

# INCOME TAX FILINGS AND PAYMENT CHANGES

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FEDERAL UPDATES FROM IRS

STATE UPDATES FROM GEORGIA

COUNTY CONSIDERATIONS FOR CERTAIN OTHER FILINGS

# Individuals: Federal Tax Filing

**Key Takeaway: Federal income tax filing and payment deadlines delayed**

The IRS delayed filing and payment dates until July 15, 2020 for individuals

Taxpayers who have filing or payment due dates other than April 15 (May 15 or June 15) have not been granted relief at this time

IRA, HSAs and MSA 2019 deposits also extended until July 15, 2020

Gift and Trust tax returns extended to July 15, 2020

Individuals:  
Georgia Tax  
Filing

Key Takeaway: Georgia  
income tax filing and payment  
deadlines delayed

The state of Georgia delayed  
filing and payment dates until  
July 15, 2020 for individuals

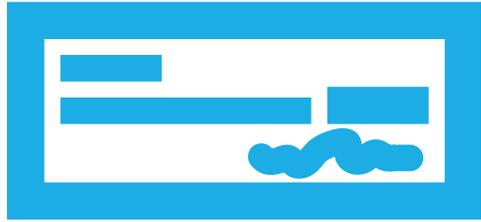
# Individuals: Tax Estimates



First quarter estimates are now due July 15, 2020



Second quarter 2020 estimated income tax payments are still due on June 15, 2020



# FFCRA AND CARES Act

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UNEMPLOYMENT CHANGES

REBATES AVAILABLE

RETIREMENT PLAN CHANGES

# Unemployment Benefits: Key Individual Benefits

## CARES Act § 2102

Creates a temporary program through December 31, 2020 to provide payment to those not traditionally eligible for unemployment benefits (self-employed, independent contractors, those with limited work history, and others) who were unable to work as a direct result of the Coronavirus Public Health Emergency.

Provides an additional \$600 per week payment to each recipient of unemployment insurance or Pandemic Unemployment Assistance for up to four months.

Provides an additional 13 weeks of unemployment benefits through December 31, 2020 to help those who remain unemployed after weeks of state unemployment benefits are no longer available.

# Unemployment Benefits: Benefiting Individuals but Behind the Scenes

Provides payment to states to reimburse nonprofits, government agencies, and Indian tribes for half of the costs they incur through December 31, 2020 to pay unemployment benefits.

Provides funding to pay the cost of the first week of unemployment benefits through December 31, 2020 for states that choose to pay recipients as soon as they become unemployed instead of waiting one week before the individual is eligible to receive benefits.

Pays 100 percent of employer's costs of providing short-time compensation through December 31, 2020 where employers reduce employee hours instead of laying off workers and the employees with reduced hours receive a pro-rated unemployment benefit. Pays for 50 percent of the costs that a state incurs in providing short-time compensation through December 31, 2020.

# Rebates to Individuals

## CARES Act § 2201



Work eligible individual with social security number - \$1,200 (\$2,400 married)



Eligible Child - \$500 (generally under age 17)



Some Limits and Reductions Apply; Rebates reduced \$5 for each \$100 that a taxpayer's income exceeds the phase-out threshold (see following slides)

Single

\$75,000 - \$99,000

Head of Household

\$112,500 - \$146,500

Married

\$150,000 - \$198,000

# Rebates Phase-Out over AGI Limits

# Individuals: Retirement Plans

## CARES Act § 2202

### Expanded eligibility of distributions from retirement plans

- Not subject to Excise Tax of 10% but regular income taxes apply
- Only for Qualified Individuals (see below)
- Distributions must be in 2020
- Distributions may not exceed \$100,000

### Qualified Individuals

- Individual (including spouse or dependent) diagnosed with COVID-19
- Individual experienced financial hardship because of quarantine or other factors

### Income Tax Impact

- Taxpayers can ratably spread income over a 3 year period beginning with taxable year 2020
- If repaid within 3 years of receipt can avoid income recognition

# Individuals: Retirement Plans

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## Key Takeaway: Retirement plan loans are modified

- Eligible loans increased to \$100,000 (up from \$50,000);
- Permitted loans are within the first 180 days of the enactment;
- Repayment terms and other items are modified.

## Key Takeaway: Minimum distribution rules have been modified.

- Minimum required distribution rules are waived for 2020 for IRAs and certain defined benefit plans;
- Rules do not apply to distributions with required beginning dates in calendar years after 2020;
- Plan amendments to comply with this provision must be made on or before January 1, 2022.

# Individuals: Charitable Contributions

## CARES Act § 2205

**Key Takeaway: For the 2020 Tax year the limitation on contribution deduction has been removed and now is deductible as an itemized deduction up to adjusted gross income. (originally at 60% of adjusted gross income)**

**Key Takeaway: Above the line (not itemized) deduction for charitable contributions up to \$300**

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# LETTER FROM NCA

These are challenging times for our world, country, state, community, clients and team. We are Americans and together, through helping each other, we will get through this. We, at Nichols Cauley, appreciate our clients, friends and team members. This presentation is current as of the date on the first slide. We will continue to update as new information is available.

We are here to help so please call us with any questions, thoughts, or concerns.

Thank You,

Nichols, Cauley & Associates, LLC