

UPDATES AS OF 04/11/2020 IN RED:

Please see highlighted updates below. Old text from our previous release that has been superseded has been struck through.

Individual Recovery Rebate

As of 04/11/2020 we have information that some taxpayers have started receiving their stimulus advance rebates via direct deposit.

If the IRS does not have your direct deposit information, they anticipate having a site ready by mid-April for you to enter your information if you'd prefer to receive your advance rebate via direct deposit rather than a mailed check. The site can be found [here](#).

If your address has changed since you last filed a return, the quickest way to get your advance payment will be to enter your direct deposit per the link above if the IRS does not already have it. Otherwise you can change your address via the same link. Per the IRS, address changes may take 4-6 weeks to process.

One of the most anticipated parts of the CARES Act is the per person payment of up to \$1,200 that has been widely publicized. This payment represents an advance rebate of a tax credit that will be claimed on your 2020 individual tax return. The exact amount you receive will be determined by the IRS based on the most recent tax return you have filed (2019 or 2018).

Single individuals with adjusted gross income of \$75,000 or less (\$112,500 for head of household filers and \$150,000 for married filing jointly) will receive a payment of \$1,200 (\$2,400 for joint filers), and an additional amount of up to \$500 per child who qualifies as a dependent.

Single individuals with adjusted gross income over \$99,000 (\$136,000 for head of household filers and \$198,000 for married filing jointly) will not be eligible for the advance rebate.

In between those two limits, your rebate will be a reduced amount based on a calculation as stated in the CARES Act.

This credit is not available to nonresident aliens, individuals who can be claimed as a dependent by another taxpayer, estates, and trusts.

If you are a person who traditionally does not file a tax return, and have not filed a tax return for 2018 or 2019, the IRS is requesting that to ensure you receive your recovery rebate that you file a simple form. This may affect you if you are a low-income taxpayer, senior citizen, Social Security recipients, some veterans, and individuals with disabilities. **You can also use this site to enter information for dependents under the age of 17 if necessary. The website can be found [here](#).**

The IRS will issue the advance refunds as rapidly as possible. **No action on your part is necessary outside of the situations listed above.**

Retirement Provisions (NEW SECTION)

For eligible taxpayers the CARES Act provided relief for retirement withdrawals.

- The bill waives the 10 percent penalty on early withdrawals up to \$100,000 total for the year, for all coronavirus-related distributions taken on or before by December 31, 2020
 - Any income due to an early withdrawal is subject to tax ratably over a three-year period
 - You can recontribute the withdrawn amounts to your retirement plan without regard to annual caps on contributions within three years
- The bill increases the limit on loans from qualified employer plans from \$50,000 to \$100,000. Loans must be made by September 23, 2020.
- The bill provides for a 1-year deferral of repayment of new or existing loans to the extent loans become due by December 31, 2020. Interest will continue to accrue during the deferred payment period.
- Eligible taxpayers are taxpayers who:
 - Were diagnosed with a CDC-approved test,
 - Or experienced adverse financial consequences as a result of quarantine, laid off or reduced hours due to the virus, being unable to work due to lack of childcare, business closure, layoff, or reduced hours due to the virus

The bill waives all required minimum distributions (“RMDs”) for 2020, regardless of whether the taxpayer has been impacted by the pandemic

Modification of 2020 Charitable Contribution Limits (NEW SECTION)

Individuals can now claim an unlimited itemized deduction for charitable contributions up to 100% of your adjusted gross income (AGI) Previously the limit was 50% of AGI.

If you make contributions greater than 100% of your AGI, the excess will be carried forward the same as it has been historically.

Contributions of food inventory is increased to 25% of AGI (up from 15%)

Please note that you must make an election to receive the increased limits above, it is not automatic. If you think you'd like to take advantage of this increase, please consult with your tax advisor.

This communication is being made based on Martin Hood's professional judgement and analysis of COVID-19 relief provisions, including, but not limited to, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the Families First Coronavirus Response Act (FFCRA). It is at least reasonably possible that final regulations and guidance promulgated related to subjects addressed within may differ significantly from those regulations and guidance available at the time this communication was made. It is the sole responsibility of the recipient to evaluate the adequacy of this communication and how this communication is applicable to the recipient's specific facts and circumstances. The recipient is solely responsible for selection of any relief provisions, as well as for maintaining compliance with all the applicable terms and conditions of such relief provisions.