

Congress Passes the American Rescue Plan Act

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On March 11, 2021, President Biden signed into law the [American Rescue Plan Act](#). This law provides additional aid and relief to help ease the economic burden on both workers and employers as a result of COVID-19.

WORKERS

Expanded Unemployment Insurance

- Employees who qualify for unemployment insurance will be eligible to receive an additional **\$300 per week** from the federal government. This extended benefit will be available through **September 6, 2021**.
- The first **\$10,200** in unemployment benefits received will be **tax-free** for households earning \$150,000 or less.
- **Self-employed, freelance, and contract workers** may also qualify for unemployment insurance benefits under the act.

Individual Tax Payer Credit

- Individual tax payers with a gross income of up to **\$75,000** will receive a one-time payment of **\$1,400**.
- Joint tax payers with a gross income of up to **\$150,000** will each receive a one-time payment of **\$1,400** and an additional **\$1,400 per dependent claimed on their tax returns**.
- These payments will be based on 2018 and 2019 tax returns.
- Tax refunds will be adjusted accordingly for those with a gross income of more than \$80,000 (up to \$100,000) for individuals and more than \$160,000 (up to \$200,000) for couples filing joint tax returns.

Child Tax Credit

- The act temporarily extends the child tax credit through the end of the year (December 31, 2021). The tax credit will be \$3,000 for children ages 6 to 17 and \$3,600 for children under the age of 6. The tax credit is adjusted accordingly for individuals making more than \$75,000 and couples making more than \$150,000.

ACA Marketplace Subsidies

- Through 2022, the act eliminates the subsidy cutoff for those earning more than 400% of the federal poverty level (\$51, 520) that purchase insurance through the ACA Marketplace.
- For those earning more than \$51,520, the subsidies will decrease proportionally to the increase in income.

Dependent Care Flexible Spending Account (FSA)

- The act increases the limit to **\$10,500** (\$5,250 for married individuals filing separately) for plans beginning after December 31, 2020 and before January 1, 2022. The previous limit was set at \$5,000 (\$2,50 for married individuals filing separately).

EMPLOYERS

Paycheck Protection Program Funding

- The act includes an additional \$7.25 billion for the Paycheck Protection Program (PPP) loans for eligible small businesses and expands eligibility for non-profit companies.

Industry Specific Relief (Restaurant & Bars)

- The act provides for \$28.6 billion in lending assistance for restaurants, bars, and other venues that were forced to close as a result of COVID-19.

COBRA Subsidies

- Under the act, the federal government will pay 100% of COBRA premiums for laid off employees and covered family members **from April 1, 2021 through September 2021**.
- **Please Note:** Employers with **self-insured health plans** will be required to cover the premium costs and will be reimbursed through employer payroll taxes. For **fully-insured plans**, the tax credit will be claimed by the insurer.

COBRA Special Enrollment & Notice Requirements

- **Special Enrollment Period:** a terminated employee who is COBRA eligible and hasn't elected coverage by April 1, 2021, or who elected COBRA coverage but then discontinued it, may elect COBRA coverage during a special enrollment period starting April 1, 2021 and **ending 60 days after** the date on which the COBRA notice was delivered.
- **Notice Requirement:** Beginning **May 30, 2021**, COBRA notices must include information regarding the available subsidies and special 60 day enrollment period. (**Please Note:** BRSi will be updating its COBRA Notices to comply with these new requirements. If BRSi handles your COBRA administration, there is no action required on your part.)

EMPLOYER PAYROLL TAXES

Families First Coronavirus Response Act (FFCRA) Tax Credit

- The FFCRA that provided paid sick leave and paid FMLA leave for eligible workers expired on December 31, 2020. Employers are no longer required to provide this paid leave to employees.
- Under the new act, the employer tax credit is **extended through September 30, 2021** for employers that **voluntarily** provide COVID-19 related paid leave for eligible employees.

Employee Retention Tax Credit

- The act extends the [CARES Act](#) employee retention credit through **December 31, 2021**.

If you have any additional questions, please contact me at adillingham@benefitreview.com

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