

Overview

The **American Rescue Plan Act, or ARPA**, contains financial relief in the form of stimulus payments, tax provisions, expanded unemployment benefits, and more. Some of these changes will apply retroactively to tax year 2020; Others will go into effect next tax season on 2021 tax returns.

The **Maryland RELIEF Act** also provides relief specifically for Marylanders.



Together, both ARPA and the MD RELIEF Act allocate over \$1-trillion in funds that are meant to mitigate the fiscal effects of the pandemic. But what do these bills mean for low-income Marylanders?

What are Economic Impact Payments?

Economic Impact Payments (EIPs), or stimulus checks, have been issued by the government to help Americans throughout the pandemic-induced financial crisis. The EIP is an advance payment of a refundable tax credit, known as the Recovery Rebate Tax Credit (RRTC). Individuals who are missing stimulus payments can claim the RRTC on their 2020 or 2021 tax returns.

ARPA Economic Impact Payments: Eligibility & Amounts

Who is Eligible for the new ARPA EIP 3?

- US citizens and resident aliens, with
- Valid Social Security Numbers, and
- Dependents of all ages (for child payments)

How much is the ARPA EIP 3 worth?

- \$1,400 per individual
- \$1,400 per qualifying dependent (regardless of age)

ARPA & MD RELIEF Act & Unemployment Income

Normally, unemployment income is treated as taxable income on both federal and state returns. Typically, those receiving unemployment income should be encouraged to automatically withhold taxes (opt-in when applying), or make estimated tax payments to the IRS and Comptroller of Maryland to cover their tax liability.

Under the ARPA, taxpayers with an AGI under \$150,000 receiving unemployment income are able to exclude **\$10,200 (\$24,400 if Married, Filing Jointly)** of their unemployment benefits.

Additionally, the MD RELIEF Act excludes **all** unemployment benefits from taxable income on the MD state tax return.