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.

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.

CASH Tax Partnerships

For more information:

www.cashmd.org
www.irs.gov
www.marylandtaxes.gov