



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

Richard Furlong, Jr.  
Senior Stakeholder Liaison

December 9, 2020  
CPA Continuing Education Society of PA



# ***CARES Act Economic Impact Payments***

**December 9, 2020**

**CPA Continuing Education Society of PA**



# Economic Impact Payments

**Economic Impact Payments (EIP) have also been referred to as:**

- **“Stimulus Payments”**

**They are advance refunds of the “Recovery Rebates” provided in the legislation.**



# Notification

- **IRS mails Notice 1444, Your Economic Impact Payment, within 15 days after payment goes out**
- **Keep Notice 1444 with tax records**
- **Notice provides information about the amount of the payment, how it was made and how to report any payment that wasn't received.**



# Get My Payment

## Get My Payment

English | [Español](#)

### Topics in the News

Coronavirus Tax Relief

Economic Impact Payments

News Releases

Multimedia Center

Tax Relief in Disaster Situations

Tax Reform

Taxpayer First Act

Tax Scams/Consumer Alerts

The Tax Gap

Fact Sheets

IRS Tax Tips

e-News Subscriptions

<sup>5</sup>  
IRS Guidance



### Interest Payments Sent

We sent interest payments on tax refunds the week of August 18. If you got one, it's not related to an Economic Impact Payment. Get details on these [tax refund interest payments](#).

## Check on the status of your Economic Impact Payment

This application will let you:

- Get your payment status
- See your payment type
- Provide your bank account information (in certain limited cases)

Data is updated once per day overnight, so there's no need to check back more than once per day.

[Get My Payment](#)

## Questions about Get My Payment?

Visit our [Get My Payment Frequently Asked Questions page](#) to answer your questions about using the application, eligibility, payment amounts, and more.

## Didn't file a return in 2018 or 2019?

If you have a [filing requirement](#) and have not filed a tax return for 2018 or 2019, you must file a 2019 tax return to receive the payment.



# Get My Payment FAQs

English | [Español](#)

## Get My Payment Frequently Asked Questions

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### Interest Payments Sent

We sent interest payments on tax refunds the week of August 18. If you got one, it's not related to an Economic Impact Payment. Get details on these [tax refund interest payments](#).

The following questions are regarding the Get My Payment application. For additional questions regarding Economic Impact Payments, visit our [Economic Impact Payments Information Center](#).

On this page...

- [Accessing Get My Payment](#)
- [Payment Status](#)
- [Missing Payments](#)
- [Payment Issued but Lost, Stolen, Destroyed or Not Received](#)
- [Payment Status Not Available](#)
- [Bank Account Information](#)
- [Entering Your Direct Deposit Information](#)
- [Entering Your AGI or Refund Information](#)
- [Error Messages/Lockouts](#)

### Accessing Get My Payment

➤ [When will Get My Payment give me the status of my payment? \(updated August 18, 2020\)](#)

➤ [I filed jointly with my spouse. Does it matter whose information I use for Get My Payment? \(updated May 15, 2020\)](#)



# Non-Filer Tool

## Non-Filers: Enter Payment Info Here

English | [Español](#)

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### IRS Tax Tips

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### IRS Guidance

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### Media Contacts



Use the Non-Filers tool by September 30 if you have not already given us your qualifying child's information to get a \$500 catch-up payment. For information about qualifying children, see our [Economic Impact Payment Information Center](#).

Non-Filers: Enter Payment Info Here is a free IRS tool that allows you to easily and quickly provide us the necessary information about yourself and your family. We will use this information to determine your eligibility and payment amount and send you an Economic Impact Payment.

### Who is eligible for the Economic Impact Payment?

U.S. citizens, permanent residents and [qualifying resident aliens](#) who:

- Have a valid Social Security number,
- Could not be claimed as a dependent of another taxpayer, and
- Had adjusted gross income under certain limits.

### Who should use Non-Filers: Enter Payment Info Here to provide information to receive the Economic Impact Payment?

Use the Non-Filers: Enter Payment Info Here tool if you do not normally and [are not planning to file](#) a federal income tax return for 2019 for any reason including:

- Your income is less than \$12,200
- You're married filing jointly and together your income is less than \$24,400
- You have no income

Do **NOT** use this tool if you will be filing a 2019 return. This includes those who file a tax return to get a refund even though they are not required to file a tax return. Using the tool instead of filing your 2019 return will slow down processing of your tax return and receiving any tax refund.



# Special Letter

**IR-2020-203, September 8, 2020:**

**IRS to mail special letter to estimated 9 million non-filers, urging them to claim Economic Impact Payment by Oct. 15 at [IRS.gov](https://www.irs.gov)**





# November 21 deadline

- **November 21 deadline for people who aren't typically required to file a tax return.**
  - **For example, people with little or no income who don't receive federal benefits such as SSDI or SSI.**
- **IR-2020-229, October 5, 2020. IRS extends EIP deadline to Nov. 21 to help non-filers**
- **Note: This additional time into November is for those who have not received their EIP and don't normally file a tax return.**
  - **Taxpayers who requested an extension of time to file their 2019 tax return-deadline remains October 15.**
- **People using paper method to claim EIP need to submit by October 15.**



## Who should not use the Non-Filer tool

- **Do NOT use this tool if you will be filing a 2019 return.**
- **This includes those who file a tax return to get a refund even though they are not required to file a tax return.**
- **Using the tool instead of filing your 2019 return will slow down processing of your tax return and receiving any tax refund.**



# Non-Filers: Enter Payment Info

## Non-Filers: Enter Payment Info Here

English | [Español](#)

### Topics in the News

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IRS Guidance

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### November 21 Midnight ET Deadline to Request Your Economic Impact Payment

If you **did not**:



- file a 2019 federal tax return,
- get an Economic Impact Payment,
- register for an Economic Impact Payment already.

Then, use Non-Filers: Enter Payment Info Here by **November 21** to register for your payment.

For details, see [Topic B: Requesting My Economic Impact Payment](#).

Non-Filers: Enter Payment Info Here is a free IRS tool that allows you to easily and quickly provide us the necessary information about yourself and your family. We will use this information to determine your eligibility and payment amount and send you an Economic Impact Payment.

### Who is eligible for the Economic Impact Payment?

U.S. citizens, permanent residents and [qualifying resident aliens](#) who:

- Have a valid Social Security number,
- Could not be claimed as a dependent of another taxpayer, and
- Had adjusted gross income under certain limits.

### Who should use Non-Filers: Enter Payment Info Here to provide information to receive the Economic Impact Payment?

Use the Non-Filers: Enter Payment Info Here tool if you do not normally and [are not planning to file](#) a federal income tax return for 2019 for any reason including:



# Watch out for scams

## Watch out for scams related to Economic Impact Payments

- Watch for scams related to Economic Impact Payments
- Some use email, phone calls or texts
- IRS will not send unsolicited electronic communications asking people to open attachments, visit a website or share personal or financial information
- IRS.gov has official information
- Non-Filers tool and Get My Payment tool are only available on IRS.gov



# Resources

[IRS.gov/coronavirus](https://www.irs.gov/coronavirus)



# Coronavirus Aid, Relief, & Economic Security (CARES) Act

## **CARES Act - Section 2303 – Six-month extension of time for filing NOL forms**

Notice 2020-26, grants a six-month extension of time to file NOL forms with respect to the carryback of a net operating loss that arose in any taxable year that began during calendar year 2018 and that ended on or before June 30, 2019.

- ❖ Forms 1139 & 1045 use to Claim Quick Refunds of the Credit for Prior Year Minimum Tax Liability of Corporations and Net Operating Loss Deductions



# Coronavirus Aid, Relief, & Economic Security (CARES) Act

## CARES Act - Section 2303 – Net Operating Loss (NOL) Carryback reinstated

Rev Proc 2020-24 provides guidance to taxpayers with net operating losses that are carried back under the CARES Act.

- ❖ Election to exclude section 965 inclusion years
- ❖ Election to waive entire carryback with respect to an NOL arising in a taxable year beginning in 2018, 2019, or 2020.
- ❖ FAQs about Carrybacks of NOLs for Taxpayers who have had Section 965 Inclusions.



# Coronavirus Aid, Relief, & Economic Security (CARES) Act

## COVID-19 relief for partnerships with NOLs

Revenue Procedure 2020-23, allows eligible partnerships to file an amended Form 1065 and furnish a corresponding Schedule K-1 to each of its partners in lieu of filing an Administrative Adjustment Requests (AARs).





# ***Employee Retention Credit***

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December 9, 2020  
CPA Continuing Education Society of PA



# What is the Employee Retention Credit?

A fully refundable tax credit for employers equal to 50 percent of qualified wages (including allocable qualified health plan expenses) that Eligible Employers pay their employees.



## ***Eligible Employer***

Carry on a trade or business in 2020 that either:

1. Was fully or partially suspended by government order due to COVID-19
2. Experiences a significant decline in gross receipts

Not eligible:

- Governmental employers
- Self-employed individuals for own services and earnings



# Operations fully or partially suspended

Trade or business operations fully or partially suspended during any calendar quarter in 2020 due to orders from an appropriate governmental authority limiting commerce, travel, or group meetings (for commercial, social, religious, or other purposes) due to COVID-19



## Significant Decline in gross receipts

- 1st quarter in which gross receipts for a calendar quarter in 2020 are less than 50% of its gross receipts for the same calendar quarter in 2019
- Ends on the first day of the first calendar quarter following the calendar quarter in which gross receipts are more than of 80% of its gross receipts for the same calendar quarter in 2019.



# Qualified Wages

- Paid to employees after March 12, 2020, and before January 1, 2021.
- Depends on the average number of full-time employees employed during 2019.
- Includes qualified health plan costs that are allocable to wages,



## Qualified Wages

Wages based on the average number of a business's employees in 2019.

Employers with less than 100 FT employees:

- The credit is based on wages paid to *all* employees, regardless of whether they provided services.

Employers with more than 100 FT employees:

- The credit is allowed *only* for wages paid to employees for the time when they are not providing services .



## Calculate the Credit

- Equal to 50% of qualified wages per employee
- Maximum amount of qualified wages per employee for all calendar quarters is \$10,000.
- Maximum credit per employee is \$5000





# Claiming the credit

- Report qualified wages and credits for each calendar quarter on federal employment tax returns.
- Tax credit may be claimed against the employer portion of certain employment taxes.
- If credit exceeds payroll deposit employer may apply for advance refund per Form 7200, Advance Payment of Employer Credits Due To COVID-19.



# Impact of other credit provisions

- Small Business Loan – Paycheck Protection Program (PPP)
- Paid Family and Sick Leave Credit – Families First
- Work Opportunity Credit
- Section 45S



# Resources

[FAQs: Employee Retention Credit under the CARES Act](#)

[IR-2020-62, March 31, 2020 IRS: Employee Retention Credit available for many businesses financially impacted by COVID-19](#)

[Form 7200, Advance Payment of Employer Credits Due to COVID-19](#)

[Relief from Penalty for Failure to Deposit Employment Taxes](#)

[Publication 5419](#)



# New COVID-19 Employer Tax Credits

## The Employee Retention Credit

The Employee Retention Credit is designed to encourage employers to keep employees on their payroll. The refundable tax credit is 50% of up to \$10,000 in qualified wages paid to an employee by an eligible employer experiencing economic hardship related to COVID-19. This credit is for wages paid from 3/13/2020 through 12/31/2020.

The credit is generally available to all employers regardless of size, including tax-exempt organizations.

### 2 EXCEPTIONS

Businesses that receive a Small Business Interruption Loan under the Paycheck Protection Program are not eligible.

Eligible employers must fall into one of two categories:

**1** The employer's business is fully or partially suspended by government order due to COVID-19 during the calendar quarter.

**2** The employer has a significant decline in gross receipts. This begins with the first quarter in 2020 when an employer's gross receipts are below 50% of the same quarter in 2019.

Qualified wages paid by an eligible employer from 03/13/2020 through 12/31/2020 include related qualified health plan expenses and vary based on the average number of a business' employees in 2019.

#### 100 or fewer employees

If the employer averaged 100 or fewer full-time employees in 2019, the credit is based on qualified wages paid to all employees, whether they worked or not. Even if the employees worked full time and were paid for full-time work, the employer still receives the credit.

#### More than 100 employees

If the employer averaged more than 100 full-time employees in 2019, then the credit is allowed only for qualified wages paid to employees for time they're not providing services during the calendar quarter.

An employer cannot use the same wages for the Employee Retention Credit and the credits for paid sick and family leave.



## Leave Credits

The paid sick leave credit and paid family leave credit are available for eligible employers who pay qualified sick leave wages and/or qualified family leave wages from 4/1/2020 through 12/31/2020, and who have fewer than 500 employees.

Type of Credit	IF an employee is unable to work because:	Then
Paid Sick Leave Credit	<ul style="list-style-type: none"> <li>• They're subject to a COVID-19 quarantine or isolation order.</li> <li>• They're advised to self-quarantine because of COVID-19.</li> <li>• They have COVID-19 symptoms and are seeking a medical diagnosis.</li> </ul>	<p>The credit is at the employee's regular rate of pay, up to \$511 per day and \$5,110 in total up to 80 hours. The employer is also eligible for credits for qualified health plan expenses for the employee and the employer's portion of Medicare tax expenses related to the qualified wages.</p>
Paid Sick Leave Credit	<ul style="list-style-type: none"> <li>• They're caring for someone who is subject to a COVID-19 quarantine or isolation order, or for someone who is advised to self-quarantine because of COVID-19.</li> <li>• They're caring for a child whose school or place of care is closed due to COVID-19.</li> <li>• They're caring for a child whose child care provider is unavailable due to COVID-19.</li> </ul>	<p>The credit is for two-thirds of the employee's regular rate of pay, up to \$200 per day and \$2,000 in total, for up to 80 hours. The employer is also eligible for credits for qualified health plan expenses for the employee and the employer's portion of Medicare tax related to the qualified wages.</p>
Paid Family Leave Credit	<ul style="list-style-type: none"> <li>• They're caring for a child whose school or place of care is closed due to COVID-19</li> <li>• They're caring for a child whose child care provider is unavailable due to COVID-19.</li> </ul>	<ul style="list-style-type: none"> <li>• This credit is equal to two-thirds of the employee's regular rate of pay, capped at \$200 per day or \$10,000 in total.</li> <li>• Up to 10 weeks of qualifying leave can be counted toward the Family Leave Credit. This can be combined with the sick leave credit, so an employer could be entitled to a credit for pay for up to 12 weeks – 2 weeks of sick leave and 10 weeks of family leave.</li> <li>• The employer is also eligible for credits for qualified health plan expenses for the employee and the employer's portion of Medicare tax related to the qualified wages.</li> </ul>

For more details, see: [www.irs.gov/coronavirus/new-employer-tax-credits](https://www.irs.gov/coronavirus/new-employer-tax-credits)



# Employment Tax Deferral

- Defer deposit and payment of the employer's share of Social Security taxes without penalty.
- Payroll tax deferral period:  
March 27, 2020 thru December 31, 2020.



# Who may defer employment tax deposits?

- All employers
- Self Employed Individuals.
- PPP loan recipients



# Coordination with other credits

- Employee Retention Credit
- Paid Leave Credit





# Applicable dates for deposits

- December 31, 2021, 50 % of the deferred amount;
- December 31, 2022, 50% of the remaining amount.



# ***Retirement Plan Distributions, Loans, and More in The CARES Act and The SECURE Act***

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Senior Stakeholder Liaison

**December 9, 2020**

**CPA Continuing Education Society of PA**



# Objectives

- **Learn how to determine if you're a 'qualified individual'**
- **Learn about the expanded distribution and repayment options, and tax issues for coronavirus-related distributions**
- **Learn about the relief provided for loans from retirement plans**
- **Learn what to do if you received an RMD in 2020 and want to recontribute it to a retirement plan or IRA**
- **Learn about changes to retirement plans and RMDs in The SECURE Act**
- **Learn how The SECURE Act may help defray the costs of starting a new retirement plan**



## The CARES Act – March 27, 2020

- **Notice 2020-51**
- **Notice 2020-50**
- **Notice 2020-23**



## Qualified Individual

**A qualified individual eligible for relief is anyone who:**

- Is diagnosed, or whose spouse or dependent is diagnosed, with the virus SARS-CoV-2 or with coronavirus disease 2019 (COVID-19) by a test approved by the Centers for Disease Control and Prevention (CDC), including a test authorized under the Federal Food, Drug, and Cosmetic Act; OR**



## Qualified Individual (cont.)

- **Experiences adverse financial consequences as a result of the individual, the individual's spouse, or a member of the individual's household:**
  - being quarantined, being furloughed or laid off, or having work hours reduced due to COVID-19
  - being unable to work due to lack of childcare due to COVID-19
  - closing or reducing hours of a business they own or operate due to COVID-19
  - having pay or self-employment income reduced due to COVID-19
  - having a job offer rescinded or start date for a job delayed due to COVID-19



# Eligible Retirement Plans

- IRAs
- Roth IRAs
- SEP IRAs
- SIMPLE IRAs
- SARSEP IRAs
- Profit sharing plans
- 401(k) plans
- 403(b) plans
- 457(b) plans (govt)
- Pension plans
- 403(a) plans



# Coronavirus-related Distributions

- **Must not exceed \$100,000 in the aggregate**
- **January 1, 2020, thru December 30, 2020**
- **Made from a retirement plan but plan not required to offer**
- **Plan can accept your self-certification**
- **Made from an IRA**
- **Reported on Form 1099-R**





## **Coronavirus-related Distributions Include:**

- **Distributions from an IRA**
- **Distributions from a retirement plan account**
- **2020 Required Minimum Distributions**
- **Loan offsets from a plan loan after leaving employment**



## **Coronavirus-related Distributions Do Not Include**

- **Corrective distributions of elective deferrals and employee contributions to meet 415 limits**
- **Elective salary deferrals in excess of the 402(g) limits**
- **Excess 401(k) and 401(m) contributions**
- **Permitted withdrawals from an eligible automatic contribution arrangement**
- **Loans treated as deemed distributions under Section 72(p)**



## **Coronavirus-related Distributions Do Not Include (cont.)**

- **Dividends paid on applicable employer securities -  
Section 404(k)**
- **Costs of current life insurance protection**
- **Distributions of premiums for accident and health  
insurance**
- **Prohibited allocations treated as deemed  
distributions - Section 409(p)**



# Taxes on Coronavirus-related Distributions

- **No 10% tax on early distributions.**
- **Taxable amount of a coronavirus-related distribution can be spread over a 3-year period or taken in year of distribution**
- **Example: \$75,000 distribution made in 2020**
  - CARES (Default):
    - TY2020 = \$25,000
    - TY2021 = \$25,000
    - TY2022 = \$25,000
  - CARES (Optional):
    - TY2020 = \$75,000



# Recontribution Options

- **Coronavirus-related distributions that are eligible for tax-free rollover treatment may be recontributed**
- **over a 3-year period beginning on day after distribution**
- **to any eligible retirement plan (including an IRA)**
- **A recontribution will not be treated as a rollover contribution for purposes of the one-rollover-per-year rule and will not cause the plan to exceed contribution limits**



## More on Recontribution

- **You can claim a refund for income taxes paid on amounts that were subsequently repaid**
- **A coronavirus-related distribution does not affect substantially equal periodic payments**
- **If a qualified individual dies before the full coronavirus-related distribution is included in gross income, remainder must be included in income in the year of death**



# Loans from Qualified Retirement Plans

- **Loan limits may be increased if made to a qualified individual on or after March 27, 2020, and before September 23, 2020**
- **Loans under the CARES Act are limited to the lesser of:**
- **\$100,000, or**
- **100% of the vested account balance or accrued benefit**
- **Plan is not required to offer expanded loans**
- **Plan can rely on participant's self-certification**



# Loan Examples

- **Example 1: \$120,000 Vested Account Balance**
  - Standard rule: Lesser of \$50,000 or 50% vested benefit = \$50,000 max loan
  - CARES Act rule: Lesser of \$100,000 or 100% vested benefit = \$100,000 max loan
- **Example 2: \$80,000 Vested Account Balance**
  - Standard Rule: \$40,000 max loan
  - CARES Act Rule: \$80,000 max loan





# Extended Loan Repayment

- **Normal Rule: Loans typically must be paid back in equal installments over 5 years**
- **CARES Act Rule: For qualified individuals, plan administrators may suspend loan payments**
  - Up to one year on new and existing loans outstanding from March 27, 2020 - December 31, 2020
  - New loans can have a 6-year term.



# Required Minimum Distributions

- **RMDs are waived for 2020**
  - Not required to be affected by the coronavirus
  - Waiver includes those who turned 70 ½ in 2019 and received their first RMD in 2020
  - Also applies to inherited IRAs & beneficiary accounts
  - Waiver does not apply to defined benefit plans



# Rollovers of RMDs Taken in 2020

- **RMDs made in 2020 may be rolled over to an IRA or plan**
- **One rollover per 12-month rule waived for RMDs that are repaid to the distributing IRA**
- **60-day rollover period extended to August 31, 2020, for 2020 RMDs**
- **Non-spouse beneficiary RMDs waived, may rollover if account holder died in 2019**
- **Sample plan amendment, 12-item Q&A - Notice 2020-51**



# SECURE Act

- **Beneficiaries**
- **RMD beginning date changed from 70 ½ to 72**
- **Repeal of maximum age for traditional IRA contributions**



## Spousal Beneficiaries Deaths prior to 2020

### **Death occurred prior to required beginning date:**

- **Keep as an inherited account**
  - Take distributions based on their own life expectancy, or follow the 5-year rule
- **Roll over the account into their own IRA**

### **Death occurred after the required beginning date:**

- **Same options but no 5-year rule**



# Spousal Beneficiaries Deaths after 2019

## Death occurred prior to required beginning date:

- **Keep as an inherited account**
  - Take distributions based on their own life expectancy, or follow the 10-year rule
  - **Roll over the account into their own IRA**

## Death occurred after the required beginning date:

- **Same options but no 10-year rule**



## Eligible designated beneficiary:

- **SECURE Act defines as a spouse or minor child of the deceased account holder, a disabled individual, a chronically ill individual, and an individual who is not more than 10 years younger than the IRA owner or plan participant**

## Designated beneficiary:

- **An individual designated as the beneficiary of an IRA or retirement plan**



## **Non-spouse Beneficiaries Deaths prior to 2020**

**Death occurred prior to required beginning date (or Roth IRA):**

- **Take distributions based on their own life expectancy, or**
- **Follow the 5-year rule**

**Death occurred after the required beginning date:**

- **Distributions based on life expectancy**





# Non-spouse Beneficiary Death after 2019

## Eligible designated beneficiary:

- Take distributions using the 10-year rule, or
- Over their life expectancy

## Designated beneficiary is not eligible designated beneficiary:

- Must take distributions using the 10-year rule

## Beneficiary that is not an individual:

- Must take distributions using the 5-year rule



# RMDs Begin at Age 72

## IRAs

- RMDs required for year you turn 72, unless
- You reach age 70 ½ in 2019 or before

## Retirement Plans

- RMDs are required for the later of
  - Year you no longer work for employer (if not 5% owner)
  - Age 72 (70 ½ if reach 70 ½ in 2019 or earlier)



# Repeal of Maximum Age for IRA Contributions

- **Contributions after age 70 ½ were not allowed for the 2019 tax year or prior years**
- **Beginning with the 2020 tax year, the maximum age for making IRA contributions is repealed**



## Qualified Birth or Adoption Expenses

- **SECURE Act allows an individual to receive a distribution for certain expenses related to the birth or adoption of a child, without the application of the 10% additional tax**
- **Distribution must be taken from an applicable eligible retirement plan and must be made during the 1-year period beginning on the date the child is born or the legal adoption is finalized**
- **Each parent may take a distribution of up to \$5,000 for each child born or adopted, if each distribution meets the requirements for a qualified birth or adoption distribution**



## Small Business Tax Credit Starting a New Plan

- **\$250 per non-highly compensated employee eligible for the plan**
- **Up to a maximum tax credit of \$5000/year for 3 years**
- **Available for employers with up to 100 employees**
- **Credit available for starting a SEP, SIMPLE, 401(k) and profit-sharing plans**



## Small Business Tax Credit Adding Auto-Enrollment

- **Arrangement must be an eligible automatic contribution arrangement**
- **Available for employers with up to 100 employees**
- **One-time 3-year credit per employer**
- **\$500 credit/year for three years, beginning with the first-year employer includes the arrangement under any plan**



## Resources

- **[IRS.gov/retirement](https://www.irs.gov/retirement)**
- **Small business resources**
- **Sign up for the Employee Plans News, our electronic newsletter, at [IRS.gov/RetirementNews](https://www.irs.gov/RetirementNews)**



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