https://www.unionleader.com/news/business/money_sense/marc-a-heberts-money-ense-consolidated-appropriations-act-extends-pandemic-relief/article_001b5d6b-0b8d-57ab-aa8f-2367d1aa8f78.html

Marc A. Hebert's 'Money $ense': Consolidated Appropriations Act extends pandemic relief

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ON DEC. 27, President Trump signed the Consolidated Appropriations Act of 2021 into law. The bill is intended to provide ongoing coronavirus pandemic relief.

Here is a brief summary of some of its most important provisions.

Some individuals will have another direct payment coming their way. This time around, the rebate will be based on your 2019 income tax return. As most individuals have filed their 2019 return by now, the process should be smoother than the first round of stimulus payments.

The rebate is $600 for an individual and $1,200 if you are married filing a joint return. There is an additional $600 for a qualifying child. As with most things tax, there are income phase-outs. For individuals, this starts at $75,000 of adjusted gross income (AGI). For married couples filing jointly, the AGI phase-out starts at $150,000.

For every $100 of income over the phase-out, the rebate is reduced by $5.

Some changes to the rules for charitable gifting that were made in 2020 have been extended to 2021. If a taxpayer does not itemize deductions, they will be allowed a $300 above the line charitable deduction for 2021. For joint filers, this increases to $600. There is also a continuation on the limit for direct cash charitable gifts made to public charities of 100% of AGI.

The other change to itemized deduction involves medical expenses. There is a floor to the expense threshold for deductibility.

In some years in the past, this floor was 10% of AGI. As part of the changes to the law, the threshold has been permanently lowered to 7.5% of AGI. Any out-of-pocket medical expenses over this amount can potentially be used as a deduction.

Some taxpayers were able to use the deduction for qualified tuition and other education related expenses. This could occur in instances where other education credits were not available.

For 2021, the qualified tuition and related expenses deduction has been repealed. To offset the effect of this change, the act increases the modified adjusted gross income (MAGI) phase-out range for the Lifetime Learning Credit.

The phase-out for this credit is now the same as the phase-out for the American Opportunity Tax Credit.

If you are a college student or have one in your family, be sure to check out if any educational credits might be available to you.

Certain provisions may not apply to many people but are good to be aware of in case the situation arises. The act extended the following provisions:

• The discharge of qualified principal residence indebtedness.

• The credit employers may receive for paid family and medical leave.

• Certain employer payment of student loans.

• The ability to treat mortgage insurance premiums as qualified residence interest.

Also included in the legislation are provisions to provide some rental relief. There are funds the states and local government may use to provide rental assistance.

This aid is available through Dec. 31. The act also extends the eviction moratorium through Jan. 31.

Unemployment provisions were also part of the changes. For people collecting unemployment benefits, there will be an added $300 weekly benefit. This will continue through March 14, 2021.

If state unemployment benefits are exhausted, individuals may be entitled to an additional 11-week extension of federally funded unemployment benefits.

It should be noted that people who would not normally qualify for unemployment may qualify for benefits through March 14. This includes independent contractors and part-time workers.

This is just a small summary of the act. There are also provisions for businesses that we have not mentioned.

We suggest discussing the law with your personal tax adviser or a certified financial planner to review how it might impact you.

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