



# A Breakdown of the New U.S. Laws and What They Mean for the Yoga Public

By now, you have heard and read a lot about the Coronavirus Aid, Relief, and Economic Security (CARES) Act was recently signed into law in the U.S. on March 27, 2020. The sweeping legislation includes \$2 trillion in stimulus funding to support states, businesses, and individuals during the COVID-19 emergency. To make understanding the CARES Act more manageable, we have created this brief that explains key provisions for individuals. You also should review our brief on the Family First Coronavirus Response Act which established paid leave guarantees for certain workers.

## **DISCLAIMER**

*The information contained in this update does not constitute legal advice and no attorney-client relationship is formed based upon the provision thereof.*

## Tax Rebate

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The CARES Act authorizes tax rebates for most Americans.

### ***Who receives a rebate?***

The Act provides payments of \$1,200 (single filers) or \$2,400 (married/joint filers) to individuals plus an additional \$500 credit per child. Eligible individuals are all U.S. residents or citizens with an adjusted gross income under \$75,000 (\$112,500 for head of household and \$150,000 married) who are not being claimed as a dependent and who have a work-eligible Social Security Number. The size of an individual's payment is reduced for those whose income exceeds the thresholds mentioned above.

### ***How do I claim my tax rebate?***

If you have filed a 2019 or 2018 tax return, no action is required to receive a payment. For those who filed tax returns in Fiscal Year 2018 and/or Fiscal Year 2019, the IRS will distribute payments "as rapidly as possible" electronically to any previously authorized account or via mail to the address information on file. You will also receive a paper notice in the mail no later than a few weeks after your payment has been disbursed containing information about where the payment ended up and in what form it was made.

The Treasury Department has not made clear how it will process payments for non-taxpayers but is expected to do so in the coming days. Yoga Alliance will continue to monitor new developments.

## Tax Filing Due Date Extended

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The [IRS](#) extended the federal income tax filing due date automatically from April 15, 2020 to July 15, 2020. Further, many states have also extended their tax filing due dates, so be sure to check the deadline in the locations where you pay taxes.

## Unemployment Benefits

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The CARES Act provides up to 39 weeks of unemployment benefits to individuals who are typically not eligible (self-employed, independent contractors, gig-economy workers, those seeking part-time employment, and those who have a limited work history) and who are unable to work due to the COVID-19 health emergency. The amount you will receive depends on your state and possibly includes an additional \$600 per week until July 31, 2020 on top of the state benefit. Note: You are not eligible for unemployment benefits if you can work from home with pay or are receiving paid sick leave or other paid leave benefits.

### ***What if I am eligible for regular unemployment but my benefits have run out or expired?***

If you are eligible for regular unemployment benefits but they have run out or expired, the CARES Act also provides an additional 13 weeks of benefits, along with the extra \$600 weekly payment.

## Assistance for Students

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The CARES Act defers student loan payments, principal, and interest for 6 months, until September 30, 2020, without penalty for all student loans borrowed directly from the federal government. In addition, time out of school due to COVID-19 will not count toward a student's lifetime student loan eligibility.

## Health Insurance Coverage

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The CARES Act requires all private insurance plans to cover COVID-19 treatments and an eventual vaccine and makes all COVID-19 tests free.

## Retirement

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The CARES Act also makes changes to the rules surrounding retirement accounts. The Act temporarily removes the requirement to take a required minimum distribution. The Act also removes the 10% penalty for withdrawing retirement money early for COVID-19-related purposes. If you take advantage of this, you can spread out any income taxes that you owe over three years and within those three years, you can also repay amounts that are over any contribution cap. For 180 days after enactment of the CARES Act, you can loan yourself up to \$100,000 from your retirement plan without it being considered a “distribution.”

## Mortgage Forbearance and Moratorium on Foreclosure

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The CARES Act allows borrowers with federally backed residential mortgage loans who have experienced a financial hardship related to the COVID-19 public health emergency to request a forbearance, or temporary postponement, from making payments for up to 180 days. There is also the ability to request an extension for an additional 180-day period.

To qualify for a forbearance, the borrower must submit a request to their loan servicer and affirm that they are experiencing a financial hardship due to COVID-19. If the borrower qualifies, their mortgage loan servicer must grant their request and cannot charge any additional interest or penalties.

The Act also prohibits foreclosures on federally backed mortgage loans for 60 days, starting on March 18, 2020.

## Moratorium on Evictions

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The CARES Act places a nationwide moratorium on evictions for any renters whose landlords have mortgages that are backed or owned by Fannie Mae, Freddie Mac and other federal entities, and any residences covered by the Violence Against Women Act of 1994 or the rural housing voucher program of the Housing Act of 1949. The Act also prohibits fees, penalties, or other charges to tenants based on not paying rent.

## Credit Protection

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If you take advantage of payment modifications, under the CARES Act, lenders and others are required to mark your obligations as “current” until 120 days after the termination of the national emergency declaration. However, if you were not marked as “current” prior to the COVID-19 public health emergency, your prior status will remain unless you fix the historical issues during the emergency period.

## Charitable Contributions

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For people who do not itemize their deductions, the CARES Act makes a new deduction available for up to \$300 in annual charitable contributions. Contributions must be in cash and to a public charity, not to a donor-advised fund. If you have already made a donation after January 1, 2020, that counts toward the \$300 cap. The Act also changed the limits on charitable deductions so donors can now deduct 100% of a qualified charitable contribution against their 2020 adjusted gross income.