Selected Provisions of the Consolidated Appropriations Act, 2021 (P.L. 116-260)

Highlights of Continued Assistance for Unemployed Workers Act of 2020

(CAA, 2021 Division N, Title II, Subtitle A)

Prior law. Federal legislation enacted in 2020 provided help for employers and workers affected by the COVID-19 pandemic. This included unemployment-related provisions in the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) and the Families First Coronavirus Relief Act (FFCRA) (P.L. 116-127). COVID-19 relief included the addition of $600 per week in pandemic unemployment compensation through 7/31/20.

From 8/1/20 through 12/27/20, a Presidential Memorandum created a Lost Wages Assistance program through the Federal Emergency Management Agency (FEMA) that allowed for an additional $300 per week in federal unemployment benefits after the additional $600 per week benefit expired.

Item	*Act Sec.*	*New Law*
CARES Act Unemployment Assistance Extension	201–209	• Pandemic Unemployment Assistance (PUA) is extended to 3/14/21. An individual receiving benefits as of 3/14/21 may continue through 4/5/21, as long as he has not reached the maximum number of weeks. • The number of weeks of PUA benefits an individual may claim is increased from 39 to 50. • A CARES Act provision that amended the FFCRA to provide federal support to cover 50% of the costs of unemployment benefits for employees of state and local governments and nonprofit organizations is extended through 3/14/21. • The Federal Pandemic Unemployment Compensation (FPUC) supplement is restored to all state and federal unemployment benefits at $300 per week, starting after 12/26/20 and ending 3/14/21. • A CARES Act provision that reimbursed states for the cost of waiving the “waiting week” for regular unemployment compensation is extended through 3/14/21. The reimbursement percentage for weeks ending after 12/26/20 is set at 50%. • Pandemic Emergency Unemployment Compensation (PEUC) is extended to 3/14/21. An individual receiving benefits as of 3/14/21 may continue through 4/5/21, as long as he has not reached the maximum number of weeks. • The number of weeks of PEUC benefits an individual may claim is increased from 13 to 24. • Rules are provided for states about sequencing PEUC benefits with other unemployment benefits. • A CARES Act provision that provided temporary 100% federal financing for short-time compensation (worksharing) programs that are established in state law is extended through 3/14/21. • A CARES Act provision that provided a 50% subsidy to nonstatutory, temporary state short-time compensation programs is extended through 3/14/21.
FFCRA Unemployment Assistance Extension	221–222	• Accumulation of interest on federal loans that states have taken to pay state unemployment benefits is extended through 3/14/21. The loans allow states with low balances in their unemployment trust funds to delay employer tax increases or other employer surcharges while the economy is struggling. • An FFCRA provision that provided temporary full federal financing of Extended Benefits (EB) for high-unemployment states is extended through 3/14/21. States are normally required to pay 50% of the cost of EB, which is a program in permanent law.
Rail Workers Continued Assistance	231–235	• Restores the federal supplemental benefit for unemployed railroad workers at $600/registration period for registration periods beginning after 12/26/20 and on or before 3/14/21. • Provides up to 11 additional weeks of unemployment benefits under the Railroad Unemployment Insurance Act (RUIA) for qualifying railroad workers. • Extends waiver of the seven-day waiting period for benefits provided under the RUIA through 3/14/21
Requirements to Strengthen Program Integrity	241–242	• Effective 1/31/21, new PUA applicants must submit documentation to substantiate employment or self-employment within 21 days. This deadline may be extended when an individual has shown good cause. • Individuals receiving PUA as of 1/31/21 must submit documentation to substantiate employment or self-employment within 90 days.

Table continued on the next page

Selected Provisions of the Consolidated Appropriations Act, 2021 (P.L. 116-260) Highlights of Continued Assistance for Unemployed Workers Act of 2020 (Continued) (CAA, 2021 Division N, Title II, Subtitle A)		
Item	***Act Sec.***	***New Law***
Return to Work Reporting Requirements	251	• By 1/26/21 (30 days after enactment of CAA, 2021), states must have methods in place to address situations when claimants of unemployment compensation refuse to return to work or refuse to accept an offer of suitable work without good cause including: – A reporting method for employers to notify the state when an individual refuses employment and – A plain language notice to claimants about state return to work laws, rights to refuse to return to work or to refuse suitable work, and information on contesting a claim denial, as well as what constitutes suitable work, including a claimant's right to refuse work that poses a risk to his health and safety.
Technical Corrections and Other Provisions	261–266	• A federally funded $100 per week additional benefit is provided to individuals who have at least $5,000 a year in self-employment income, but are disqualified from receiving PUA because they are eligible for regular state unemployment benefit. This mixed-earner supplemental benefit will be added to the FPUC and terminate along with it on 3/14/21. • States are allowed to waive recovery of Lost Wages Assistance overpayments for which the recipient was not at fault and would suffer hardship if required to repay the benefits the same way they do in state unemployment benefits.

Selected Provisions of the Consolidated Appropriations Act, 2021 (P.L. 116-260)

Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act—Highlights of Paycheck Protection Program (PPP) Provisions

(CAA, 2021 Division N, Title III)

Prior law. The CARES Act (P.L. 116-136) authorized the Small Business Administration (SBA) to make loans to qualified businesses under certain circumstances. The provision established the Paycheck Protection Program (PPP), which provides up to eight weeks of cash-flow assistance through 100% federally guaranteed loans to eligible recipients to maintain payroll during the COVID-19 pandemic and to cover certain other expenses. The Paycheck Protection Flexibility (PPPF) Act of 2020 (P.L. 116-142) made significant changes to the PPP which included:

- Permitting PPP borrowers to defer certain payroll taxes, previously prohibited under the CARES Act.
- Increasing the period of time to use loan proceeds from eight weeks to 24 weeks.
- Decreasing the percentage that loan proceeds must be used on payroll costs from 75% to 60%, thereby increasing the percentage that may be used for nonpayroll costs (such as rent, mortgage interest, and utilities) from 25% to 40%. If a borrower uses less than 60% of the loan for payroll costs, the borrower is still eligible for partial loan forgiveness, subject to at least 60% of the loan forgiveness amount having been used for payroll costs.
- Allowing borrowers to restore full-time employment and salary levels by 12/31/20 for loan forgiveness eligibility.
- Amending the loan deferral from six months to "until the date on which the amount of forgiveness determined under Sec. 1106 of the CARES Act is remitted to the lender."
- Providing an exemption from reduction to forgiveness under certain circumstances.
- Increasing the loan maturity from two years to five years.
- Providing that borrowers who fail to apply for forgiveness within 10 months after the last day of the covered period (the earlier of 24 weeks or 12/31/20) must make loan repayments of principal, interest, and fees beginning on the date that is 10 months after the covered period.
- Confirming that 6/30/20 remains the last date on which a PPP loan application can be approved.

Section 1102(b) of the CARES Act was amended to extend the application period to end on 8/8/20 by S.4116 (P.L. 116-147). The SBA began approving PPP forgiveness applications and remitting forgiveness payments to PPP lenders on 10/2/20.

Item	*Act Sec.*	*New Law*
Additional PPP Eligible Expenses	304	The following expenses are allowable and forgivable uses for PPP funds: • *Covered operations expenditures.* Payment for any software, cloud computing, and other human resources and accounting needs. • *Covered property damage costs.* Costs related to property damage due to public disturbances that occurred during 2020 that are not covered by insurance. • *Covered supplier costs.* Expenditures to a supplier pursuant to a contract, purchase order, or order for goods in effect prior to taking out the loan that are essential to the recipient's operations at the time at which the expenditure was made. Supplier costs of perishable goods can be made before or during the life of the loan. • *Covered worker protection expenditure.* Personal protective equipment and adaptive investments to help a loan recipient comply with federal health and safety guidelines or any equivalent state and local guidance related to COVID-19 during the period between 3/1/20, and the end of the national emergency declaration. Loans made under the PPP before, on, or after the 12/27/20 enactment of the Act are allowed to be eligible to utilize the expanded forgivable expenses, except for borrowers who have already had their loans forgiven.
Covered Period for Forgiveness	306	The borrower is allowed to elect a covered period ending at the point of the borrower's choosing between eight and 24 weeks after loan origination.

Table continued on the next page

Selected Provisions of the Consolidated Appropriations Act, 2021 (P.L. 116-260)

Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act—Highlights of Paycheck Protection Program (PPP) Provisions (Continued)

(CAA, 2021 Division N, Title III)

Item	*Act Sec.*	*New Law*
Forgiveness Application—Simplified for Loans Up to $150,000	307	A simplified application process is created for loans under $150,000, which includes the following provisions: • A borrower will receive forgiveness if he signs and submits to the lender a certification that is not more than one page in length, and includes a description of the number of employees the borrower was able to retain because of the covered loan, the estimated total amount of the loan spent on payroll costs, and the total loan amount. • The borrower must attest that he accurately provided the required certification and complied with PPP loan requirements. • The SBA must establish this form within 24 days of the Act's 12/27/20 enactment and may not require additional materials unless necessary to substantiate revenue loss requirements or satisfy relevant statutory or regulatory requirements. • Borrowers are required to retain relevant records related to employment for four years and other records for three years. • The SBA may review and audit these loans to ensure against fraud. This section applies to loans made before, on, or after the Act's 12/27/20 enactment, including forgiveness of the loan.
Group Insurance Payments as Payroll Costs	308	• Clarifies that other employer-provided group insurance benefits are included in payroll costs. These include group life, disability, vision, or dental insurance. • Applies to loans made before, on, or after the Act's 12/27/20 enactment, including forgiveness of the loan.
Limitations on Eligibility	310	• Clarifies that a business or organization that was not in operation on 2/15/20 will not be eligible for an initial PPP loan and a second draw PPP loan. • An eligible person or entity that receives a grant under the Shuttered Venue Operator Grants is prohibited from obtaining a PPP loan.
Loans—PPP Second Draw	311	• Sec. 311 permits certain smaller businesses that received a PPP loan and experienced a 25% reduction in gross receipts to take a second draw from the PPP of up to $2 million. • Prior PPP borrowers must meet the following conditions to be eligible for the second draw loans: – Employ no more than 300 employees per physical location; – Have used or will use the full amount of their first PPP loan; and – Demonstrate at least a 25% reduction in gross receipts in the first, second, or third quarter of 2020 relative to the same 2019 quarter. Applications submitted on or after 1/1/21 are eligible to utilize the gross receipts from the fourth quarter of 2020. • Eligible entities include for-profit businesses, certain nonprofit organizations, housing cooperatives, veterans' organizations, tribal businesses, self-employed individuals, sole proprietors, independent contractors, and small agricultural cooperatives. • Borrowers may receive a second loan of up to 2.5 times the average monthly payroll costs in the one year prior to the loan or the calendar year. However, borrowers in the hospitality or food services industries (NAICS code 72) may receive loans of up to 3.5 times average monthly payroll costs. Only a single second draw is permitted to an eligible entity. • For second draw loans of no more than $150,000, the entity may submit a certification, on or before the date the loan forgiveness application is submitted, attesting that the eligible entity meets the applicable revenue loss requirement. Nonprofits and veterans organizations may use gross receipts to calculate their revenue loss standard. • Like the first PPP loan, the second draw loan may be forgiven for payroll costs of up to 60% (with some exceptions) and nonpayroll costs (such as rent, mortgage interest, and utilities) of 40%. • Extends current safe harbors on restoring full-time employees and salaries and wages. Specifically, applies the rule of reducing loan forgiveness for the borrower reducing the number of employees retained and reducing employees' salaries in excess of 25%.

Selected Provisions of the Consolidated Appropriations Act, 2021 (P.L. 116-260)

Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act—Highlights of Paycheck Protection Program (PPP) Provisions (Continued)

(CAA, 2021 Division N, Title III)

Item	*Act Sec.*	*New Law*
Maximum Loan Amount—Farmers and Ranchers	313	• Establishes a specific loan calculation for the first round of PPP loans for farmers and ranchers who operate as a sole proprietor, independent contractor, or self-employed individual; who report income and expenses on a Schedule F; and were in business as of 2/15/20. These entities may utilize their gross income in 2019 as reported on a Schedule F. Lenders may recalculate loans that have been previously approved to these entities if they would result in a larger loan. • This provision applies to PPP loans before, on, or after the Act's 12/27/20 enactment, except for loans that have already been forgiven.
Organizations—Credit System Institutions (Farm)	314	• Permits Farm Credit System Institutions to be eligible to make loans under the PPP. • Allows for a zero risk weight for PPP loans and aligns eased requirements for Farm Credit System Institutions with those of other PPP lenders. • This section applies to any loan made before, on, or after the Act's 12/27/20 enactment including the forgiveness of the loan.
Organizations—Employers That Are Seasonal	315 and 336	Sec. 315 defines a *seasonal employer* to be an eligible recipient which: • Operates for no more than seven months in a year, or • Earned no more than ⅓ of its receipts in any six months in the prior calendar year. This section applies to loans made before, on, or after the Act's 12/27/20 enactment, including forgiveness of the loan. Sec. 336 expands the seasonal period to any 12-weeks between 2/15/19 and 2/15/20. The expansion applies to loans before, on, or after the Act's 12/27/20 date of enactment, except for loans for which the borrower has already received forgiveness.
Organizations—Housing Co-Ops	316	• Extends PPP eligibility to housing cooperatives defined in IRC Sec. 216(b) and which employ no more than 300 employees.
Organizations—News	317	• Makes eligible FCC license holders and newspapers with more than one physical location, as long as the business has no more than 500 employees per physical location or the applicable SBA size standard. • Makes eligible Section 511 public colleges and universities that have a public broadcasting station if the organization certifies that the loan will support locally-focused or emergency information. • Waives affiliation rules for newspapers, TV and radio broadcasters, and public broadcasters, if the organization has no more than 500 employees per physical location or the applicable SBA size standard. • Waives the prohibition against publicly-traded news organizations from being eligible if the business certifies that the loan will support locally focused or emergency content.
Organizations—Nonprofit	318	Expands eligibility to receive a PPP loan to include Section 501(c)(6) organizations and destination marketing organizations if the organization has 300 or fewer employees and it does not receive more than 15% of receipts from lobbying and the lobbying activities do not comprise more than 15% of activities. Also provides additional conditions.
Proceeds Not Usable for Lobbying	319	Prohibits any eligible entity from using proceeds of the covered loan for lobbying activities, as defined by the Lobbying Disclosure Act; lobbying expenditures related to state or local campaigns; and expenditures to influence the enactment of legislation, appropriations, or regulations.
Process of Bankruptcy	320	• Establishes a special procedure in the bankruptcy process if the SBA determines certain small business debtors are eligible for PPP loans. • Requires court approval for PPP loans to these debtors and requires any such loan be given a superpriority claim in the bankruptcy process, providing additional protection to taxpayers and participating banks. • The provisions in this section would take effect only upon a written determination by the SBA that certain small business debtors are eligible for PPP loans and would sunset two years from the Act's 12/27/20 date of enactment.

Table continued on the next page

Selected Provisions of the Consolidated Appropriations Act, 2021 (P.L. 116-260)

Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act— Highlights of Paycheck Protection Program (PPP) Provisions (Continued)

(CAA, 2021 Division N, Title III)

Item	*Act Sec.*	*New Law*
Program Funding	323	Sets the authorization level for PPP at $806.5 billion and provides $284.45 billion in direct appropriations with the following set asides: • $35 billion for first-time borrowers, $15 billion of which is for smaller, first-time borrowers with 10 or fewer employees, or loans less than $250,000 in low-income areas; • $25 billion for second draw PPP loans for smaller borrowers with 10 or fewer employees, or loans less than $250,000 in low-income areas; and • $30 billion for PPP loans (initial and second draw) issued by certain types of lenders.
Shuttered Venue Operator Grants	324	• Authorizes $15 billion for the SBA to make grants (up to $10 million dollars initially and a supplemental grant equal to 50% of the initial grant) to eligible live venue operators or promoters, theatrical producers, live performing arts organization operators, museum operators, motion picture theatre operators, or talent representatives who demonstrate a 25% reduction in revenues. • $2 billion is set aside for eligible entities that employ not more than 50 full-time employees, and any amounts from this set-aside remaining after sixty days from the date of implementation of this program will become available to all eligible applicants under this section. • In the initial 14-day period of implementation of the program, grants will only be awarded to eligible entities that have faced 90% or greater revenue loss. • In the 14-day period following the initial 14-day period, grants will only be awarded to eligible entities that have faced 70% or greater revenue loss. • After these two periods, grants will be awarded to all other eligible entities. • Grant proceeds may be used for specified expenses (such as payroll costs, rent, utilities, and personal protective equipment). • The SBA is required to conduct increased oversight of eligible persons and entities receiving these grants and submit a report to the Senate and House Small Business Committees 45 days after enactment detailing their oversight and audit plan for shuttered venue grants and to provide monthly updates on the oversight and audit activities conducted by the SBA Administrator.

Selected Provisions of the Consolidated Appropriations Act, 2021 (P.L. 116-260) Highlights of COVID-related Tax Relief Act of 2020 (CAA, 2021 Division N, Title II, Subtitle B)			
Item	***Act Sec.***	***Prior Law***	***New Law***
Additional 2020 Recovery Rebates	272	The CARES Act provided for direct payments/rebates to certain individual taxpayers. These were referred to as Economic Impact Payments (EIPs).	• Establishes a new program, which it refers to as "additional 2020 recovery rebates." • Provides a refundable tax credit to eligible individuals in the amount of $600 per eligible family member. The credit is $600 per taxpayer ($1,200 for MFJ), in addition to $600 per qualifying child. The credit phases out starting at $75,000 of modified AGI ($112,500 for HOH and $150,000 for MFJ) at a rate of $5 per $100 of additional income. • The term *eligible individual* does not include any nonresident alien, anyone who qualifies as another person's dependent, and estates or trusts. • The credit is available on the taxpayer's 2020 return. • The provision provides for the Treasury to issue advance payments based on the information on 2019 tax returns. Eligible taxpayers treated as providing returns through the nonfiler portal with respect to their EIP will also receive payments. • In general, taxpayers without an eligible social security number (SSN) are not eligible for the payment. However, MFJ filers where one spouse has an SSN and one spouse does not are eligible for a payment of $600, in addition to $600 per child with an SSN. • Taxpayers receiving an advance payment that exceeds the amount of their eligible credit will not be required to repay any amount of the payment. If the amount of the credit determined on the taxpayer's 2020 tax return exceeds the amount of the advance payment, taxpayers will receive the difference as a refundable tax credit. • Advance payments are generally not subject to administrative offset for past due federal or state debts. In addition, the payments are protected from bank garnishment or levy by private creditors or debt collectors.
Amendments to CARES Act EIP Rules	273	Same as above.	• The $150,000 limit on AGI before the credit amount starts to decrease, which under the CARES Act applied to joint returns (MFJ), also applies to surviving spouses (QW). • Changes the requirement, in order to be eligible for an EIP, with respect to providing IRS with the taxpayer's identification number, to conform to that requirement as described above at *Additional 2020 Recovery Rebates*.
Deferred Payroll Taxes Extension	274	Employers could defer withholding employees' share of social security taxes or railroad retirement tax equivalent from 9/1/20–12/31/20. Increased withholding and payment of deferred amounts was to occur from 1/1/21–4/30/21.	• The repayment period of the deferred employee taxes is extended through 12/31/21. • Penalties and interest will not begin to accrue on the deferred amounts until 1/1/22.
Educator Expense Deduction	275	Eligible educators are allowed a $250 above-the-line deduction for certain expenses.	• The IRS must, by regulation or other guidance issued on or before 2/28/21, clarify that personal protective equipment (PPE), disinfectant, and other supplies used for the prevention of the spread of COVID-19 are treated as eligible expenses for the deduction. • The regulations or other guidance will apply to expenses paid or incurred after 3/12/20.

Table continued on the next page

Selected Provisions of the Consolidated Appropriations Act, 2021 (P.L. 116-260)

Highlights of COVID-related Tax Relief Act of 2020 (Continued)

(CAA, 2021 Division N, Title II, Subtitle B)

Item	*Act Sec.*	*Prior Law*	*New Law*
Expenses Paid with Forgiven PPP Loan Proceeds	276	IRS guidance disallowed the deduction of otherwise allowable expenses to the extent a PPP loan was forgiven (Notice 2020-32).	• Reversing the IRS guidance in Notice 2020-32, the Act provides that taxpayers whose PPP loans are forgiven are allowed deductions for otherwise deductible expenses paid with the proceeds of a PPP loan and that the tax basis and other attributes of the borrower's assets will not be reduced as a result of the loan forgiveness. • The IRS subsequently obsoleted the holdings in Notice 2020-32 and related release Rev. Rul. 2020-27 that disallowed deductions for the payment of eligible expenses when the payments resulted (or could be expected to result) in forgiveness of a PPP loan (Rev. Rul. 2021-2).
Financial Aid Grants to Students—Income Exclusion	277	Individuals may claim the American opportunity and/or Lifetime Learning credit for certain higher education expenses at accredited post-secondary educational institutions.	• CARES Act qualified emergency financial aid grants are excluded from the gross income of college and university students. • The exclusion does not apply to the portion of any amount received that represents payment for teaching, research, or other services required as a condition for receiving the qualified emergency financial aid grant. • Students are held harmless for purposes of determining eligibility for the American opportunity and Lifetime Learning credits. • These provisions are effective as of the 3/27/20 enactment date of the CARES Act.
Forgiveness of EIDLs, etc.	278	The CARES Act expanded access to Economic Injury Disaster Loans (EIDLs), established emergency grants to allow an EIDL applicant to request a $10,000 advance, and provided loan repayment assistance.	• Gross income does not include forgiveness of EIDL loans, emergency EIDL grants, and certain loan repayment assistance. • Deductions are allowed for otherwise deductible expenses paid with the proceeds of these loans. • Tax basis and other attributes will not be reduced as a result of those amounts being excluded from gross income. • These provisions are effective for tax years ending after the 3/27/20 enactment date of the CARES Act. • Similar treatment is provided for Targeted EIDL advances and Grants for Shuttered Venue Operators, effective for tax years ending after 12/27/20.
Information Reporting Waiver	279	Certain lenders that discharge at least $600 of a borrower's indebtedness must file Form 1099-C.	• Treasury may waive information reporting requirements for any amount excluded from income by reason of the exclusion of covered loan amount forgiveness, the exclusion of emergency financial aid grants, or the exclusion of certain loan forgiveness and other business financial assistance under the CARES Act.
Money Purchase Pension Plans	280	The CARES Act provides for special tax treatment for a coronavirus-related distribution from a retirement plan.	• The Act clarifies that money purchase pension plans are included in the retirement plans qualifying for these temporary rules, retroactive to 3/27/20. • The temporary rules include allowing individuals to make penalty-free withdrawals from certain retirement plans for coronavirus-related expenses, permitting taxpayers to pay the associated tax over three years, allowing taxpayers to recontribute withdrawn funds, and increasing the allowed limits
Net Operating Loss—Farmers	281	The CARES Act provides a five-year NOL carryback (was two years for farmers before CARES Act).	• The Act clarifies that farmers who elected a two-year net operating loss (NOL) carryback prior to the CARES Act may elect to retain that two-year carryback rather than claim the five-year carryback provided in the CARES Act. • Farmers who previously waived an election to carry back an NOL may revoke the waiver.

Selected Provisions of the Consolidated Appropriations Act, 2021 (P.L. 116-260)

Highlights of COVID-related Tax Relief Act of 2020 (Continued)

(CAA, 2021 Division N, Title II, Subtitle B)

Item	*Act Sec.*	*Prior Law*	*New Law*
Private Debt Collection	283	Supplemental social security (SSI) and social security disability insurance (SSDI) beneficiaries are excluded from the IRS private debt collection program [IRC Sec. 6306(d)].	• Section 1205 of the Taxpayer First Act (P.L. 116-25) excludes SSI and SSDI beneficiaries from the IRS private debt collection program beginning on 1/1/21. • The IRS and Social Security Administration (SSA) needed statutory authority to share information to determine which taxpayers are SSI or SSDI beneficiaries and eligible for exclusion from the IRS program. • The new provision grants the authority needed to share the necessary information and make the Taxpayer First Act provision [IRC Sec. 6306(d)] work as intended. The new provision is in IRC Sec 6103(k)(15), effective for disclosures made starting 12/27/20.
Protections for Tax Return Information	284	The CARES Act restricted IRS authority to disclose tax return information to carry out the Higher Education Act of 1965.	• The Act allows the IRS to share tax return information of student aid applicants, their parents, students, and borrowers with the Department of Education and further allows that tax return information be redisclosed to colleges and universities (and certain scholarship organizations) with the taxpayer confidentiality protections afforded under IRC Sec. 6103 [IRC Sec. 6103(l)(13)]. • These provisions had largely been in IRC Sec. 6103(l)(13) before deletion by the CARES Act.
Qualified Transfers from Pension Plans to Retiree Health or Life Insurance Accounts	285	10 years of retiree health/life insurance costs may be transferred from a defined benefit plan to a retiree health benefit and/or life insurance account within the plan (a *qualified future transfer*) (IRC Sec. 420).	• Under current law, a qualified future transfer must meet a number of requirements: the plan must be 120% funded at the outset, it must be 120% funded throughout the transfer period, all unused amounts must be transferred back, and the plan is subject to a maintenance of effort requirement. • Applying the current law requirements during the market volatility related to the coronavirus pandemic has caused plans, which have been historically over 120% funded, to fall below 120%, and as a result those plans are then required to immediately restore the large market losses to restore 120% funding. • For tax years beginning after 2019, the Act allows employers to make a one-time election by 12/31/21 to end any existing transfer period for any tax year beginning after the date of election, provided (1) the maintenance of effort continues to apply as if the transfer period were not shortened, (2) the employer ensures the plan stays at least 100% funded throughout the original transfer period, (3) the plan has funding targets for the first five years after the original transfer period, and (4) all amounts left in the retiree benefits account at the end of the shortened transfer period are returned to the pension plan (with no excise tax applied to those amounts) [IRC Sec. 420(f)(7)].
Sick and Family Leave Credits Extended and Improved	286 through 288	The FFCRA provides refundable tax credits against employment taxes for qualified leave wages taken beginning 4/1/20 and ending 12/31/20.	• Act Sec. 286 extends the refundable tax credits for employers who provide paid sick and family leave related to the COVID-19 pandemic (enacted in the FFCRA) through 3/31/21. While employers are not mandated to provide paid sick or family COVID-19 related leave in 2021, those who do may claim the tax credit through 3/31/21. • Act Sec. 287 similarly extends the credits available to self-employed individuals, and allows them to use their reported wages from tax year 2019 instead of tax year 2020 to compute the credit. • Act Sec. 288 coordinates the definitions of qualified wages within the credits. • All of these provisions are effective as if included in the original FFCRA legislation.