

Overview of JCT Provisions in the HEROES Act

Description		Cost
ECONOMIC STIMULUS		
Recovery Rebate Improvements	<ul style="list-style-type: none"> Makes all dependents eligible for \$500 in Economic Impact Payments. This previously applied only to children under 17 under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Allows taxpayers to use TINs, rather than a SSN, for the purposes of the rebate. Exempts Economic Impact Payments from reduction or offset with respect to past-due child support. 	\$22.7 billion
Additional Recovery Rebates to Individuals	<ul style="list-style-type: none"> Provides a \$1,200 credit for single taxpayers (\$2,400 for joint filers), in addition to \$1,200 per dependent up to a maximum of three dependents. At \$75,000 (\$112,500 for head of household filers and \$150,000 for joint filers), the credit begins phasing out at a rate of \$5 per \$100 of income. 	\$412.5 billion
Earned Income Tax Credit Expansion	Reduces the minimum age for the childless EITC from 25 to 19 and increases the age limit to 66 from 65.	\$10.1 billion
	Amends the CARES Act to allow taxpayers with qualifying children (who do not meet the identification requirements) to claim the childless EITC.	\$13 million
	Treats a married but separated individual not filing a joint return as unmarried in certain circumstances.	\$239 million
	Eliminates the disqualified investment income test.	\$3.8 billion
	Directs the Treasury Department to make payments to taxpayers in U.S. territories.	\$7 billion
	Allows taxpayers to substitute their 2019 earned income for their 2020 earned income if the amount in 2020 was lower than in 2019.	\$3.1 billion
Child Tax Credit Expansion	Makes the credit fully refundable and increases the amount from \$2,000 to \$3,000.	\$118 billion
Refundability and Enhancement of the	<ul style="list-style-type: none"> Makes the CDCTC fully refundable for 2020 and increases the maximum credit rate to 50%. 	\$5.7 billion

Child and Dependent Care Tax Credit	<ul style="list-style-type: none"> Doubles the amount of expenses eligible for the credit to \$6,000 per qualifying individual (\$12,000 for two or more). Amends the phaseout threshold to begin at \$120,000, rather than \$15,000. 	
Increase in Exclusion for Employer-provided Dependent Care Assistance	Increases the exclusion from \$5,000 to \$10,500 (\$2,500 to \$5,250 for married individuals filing separately) for employer-provided dependent care assistance for 2020.	\$176 million
State and Local Tax Deduction Suspension	Eliminates the state and local tax deduction cap enacted under the Tax Cuts and Jobs Act for 2020 and 2021.	\$136.6 billion
ADDITIONAL RELIEF FOR WORKERS		
Increase in Above-the-Line Deduction for Certain Expenses of Elementary and Secondary School Teachers	Increases the above-the-line deduction from \$250 to \$500 for certain expenses of elementary and secondary school teachers. The relief will apply to taxable years beginning after Dec. 31, 2019.	\$789 million
Above-the-Line Deduction Allowed for Certain Expenses of First Responders	Provides for an above-the-line deduction for certain expenses incurred by first responders related to tuition or uniforms up to \$500. The relief will apply to taxable years beginning after Dec. 31, 2019	\$1.0 billion
Temporary Above-the-Line Deduction for Supplies and Equipment of First Responders and COVID-19 Front Line Employees	COVID-19 first responders and frontline employees receive a \$500 above-the-line deduction for uniforms, supplies and equipment. Frontline employees are individuals who perform 1,000 hours of essential work.	\$1.3 billion
Payroll Credit for Certain Pandemic-Related Employee Benefit Expenses Paid by Employers	Provides a 30% payroll tax credit equal to the percentage of qualified pandemic-related employee benefit expenses. Up to a 50% credit is provided for pandemic-related benefit expenses for essential employees.	\$42.8 billion
Improvements to Employee Retention Credit	<ul style="list-style-type: none"> Increases the applicable percentage of qualified wages for the ERTC from 50% to 80%. Increases the ERTC \$10,000 employee cap to \$15,000 per employee, per quarter, and \$45,000 per employee overall. Removes the ERTC distinction between companies with over 100 average full-time employees, and instead distinguishes between “large employers” and those who are not. Large employers are those companies in 2019 that had over 1,500 average full-time employees and gross receipts of over \$41,500,000. Adds a phase-in so that businesses with at least a 10% quarterly reduction in gross receipts can qualify for the credit (as opposed to a 50% reduction). 	\$163.6 billion

	<ul style="list-style-type: none"> Allows 501(c)(1) tax-exempt government entities to qualify for the credit for wages paid while operations are suspended. Clarifies that group health plan expenses are considered qualified wages even when no other wages are paid to the employee. 	
Payroll Credit for Certain Fixed Expenses of Employers Subject to Closure by Reason of COVID-19	Provides eligible employers a refundable payroll tax credit for 50% of qualified fixed expenses paid or accrued after March 12, 2020, and before Jan. 1, 2021.	\$30.5 billion
Business Interruption Credit for Certain Self-Employed Individuals	<ul style="list-style-type: none"> Provides a 90% refundable individual income tax credit, up to \$45,000, for self-employed individuals who have experienced more than a 10% reduction in self-employment income from 2019 to 2020 in the conduct of a trade or business. The credit is reduced by 50% of the taxpayer's modified adjusted gross income as exceeds \$60,000 (\$120,000 for joint filers). 	\$163.6 billion
Credits for Paid Sick and Family Leave	<ul style="list-style-type: none"> Extends the payroll tax credits for emergency paid sick leave. Repeals the reduced \$200/day credit for emergency paid sick leave for caregivers and replaces this with a \$511/day credit. Allows employers to claim up to \$12,000 in refundable emergency paid family leave tax credits, rather than \$10,000. Allows self-employed individuals to elect to use their 2019 net earnings from self-employment to determine the average daily self-employment income for purposes of calculating the paid sick and emergency paid family leave tax credit. Clarifies paid sick and emergency leave wages are excluded from employer Old-Age, Survivors, and Disability Insurance (OASDI). Provides that employers with 500 or more employees are not eligible for payroll tax credits for providing emergency paid sick or emergency paid family leave 	\$32.0 billion
NET OPERATING LOSS		
Net Operating Loss	<ul style="list-style-type: none"> Reinstates the \$250,000 (\$500,000 for joint return) limitation on excess business losses for pass-through businesses and sole proprietors that had been suspended by the CARES Act for tax years 2018, 2019 and 2020. Provides that net operating losses for tax years 2019 and 2020 may only be carried back to 2018. 	\$254 billion
PRIVATE INSURANCE PROVISIONS		
COBRA Continuation Coverage	Premium assistance for COBRA continuation coverage and furloughed continuation coverage for individuals and their families through Jan. 31, 2021.	\$106 billion
FORGIVING STUDENT LOAN DEBT AND PROTECTING STUDENT BORROWERS		
Forgiving Student Loan	Up to \$10,000 write-down of federal student loans are excluded from	\$14.6 billion

Debt and Protecting Student Borrowers	income.	
	No recapture of tax benefits and exclusion from income for defrauded borrowers.	\$9 billion
REVENUE RAISERS		
Increase in Carryover for Health Flexible Spending Arrangements	Permits cafeteria plans and health flexible spending arrangements to allow participants to carry over up to \$2,750 of unused benefits or contributions from 2020 to 2021.	\$355 million
Carryover for Dependent Care Flexible Spending Arrangement	Permits cafeteria plans and dependent care flexible spending arrangements to allow participants to carry over up to \$10,500 of unused benefits or contributions from 2020 to 2021.	\$271 million