Congressional Research Service
Informing the legislative debate since 1914

The COVID-Related Tax Relief Act of 2020 and Other COVID-Related Tax Provisions in P.L. 116-260

January 5, 2021

Congressional Research Service
https://crsreports.congress.gov
R46649

CRS REPORT
Prepared for Members and
Committees of Congress

Contents

Tables

Contacts

Congress continues to consider tax policy proposals intended to alleviate the economic effects associated with the Coronavirus Disease 2019 (COVID-19) pandemic. The Consolidated Appropriations Act, 2021 (P.L. 116-260) contains a number of individual and business tax provisions.

Consideration of P.L. 116-260 followed the enactment of other laws addressing the COVID-19 crisis: (1) the Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 (P.L. 116-123); (2) the Families First Coronavirus Response Act (FFCRA; P.L. 116-127); (3) the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136);[1] and (4) the Paycheck Protection Program and Health Care Enhancement Act (P.L. 116-139).

Other pandemic-related tax policy proposals were considered in the 116th Congress, but not enacted. In the House, tax relief was also considered in the Heroes Act (H.R. 8406, adopted as H.R. 925; H.R. 6800).[2] Legislation introduced in the Senate (the American Workers, Families, and Employers Assistance Act [S. 4318]; the Supporting America's Restaurant Workers Act [S. 4319]; and the Restoring Critical Supply Chains and Intellectual Property Act [S. 4324]) would have provided tax relief intended to alleviate the economic effects of the COVID-19 pandemic.[3]

The COVID-Related Tax Relief Act of 2020 was enacted as Subtitle B to Title II of Division N of the Consolidated Appropriations Act, 2021. Much of the COVID-19 tax relief provided in P.L. 116-260 appears in this act. Its provisions are summarized in **Table 1** with other selected COVID-19-related tax provisions. The Joint Committee on Taxation (JCT) estimated that the COVID-Related Tax Relief Act of 2020 would reduce federal revenue by $167.3 billion from FY2021 through FY2030 (**Table 2**).[4]

The Taxpayer Certainty and Disaster Tax Relief Act of 2020, enacted as Division EE of P.L. 116-260, contains numerous additional tax provisions. Many of the provisions extend expiring provisions or are related to disaster relief.[5] Several of the provisions in Title II of Division EE of P.L. 116-260 are related to previous or proposed COVID-19 tax relief and are summarized in **Table 3**. JCT revenue estimates for these provisions are included in **Table 4**.

---

[1] For more on tax provisions in the CARES Act, see CRS Report R46279, *The Coronavirus Aid, Relief, and Economic Security (CARES) Act—Tax Relief for Individuals and Businesses*, coordinated by Molly F. Sherlock. For more on other CARES Act provisions, see CRS Report R46299, *Coronavirus Aid, Relief, and Economic Security (CARES) Act: CRS Experts*, by William L. Painter and Diane P. Horn.

[2] For more information on tax provisions in the Heroes Act, see CRS Report R46358, *Heroes Act: Revenue Provisions*, coordinated by Molly F. Sherlock.

[3] For more information on the Senate proposals, see CRS Report R46470, *The American Workers, Families, and Employers Assistance Act (S. 4318): Title II—Revenue Provisions and Other "HEALS Act" Tax Provisions*, coordinated by Molly F. Sherlock.

[4] Joint Committee on Taxation, "Estimated Budget Effects of the Revenue Provisions Contained in Rules Committee Print 116-68, the 'Consolidated Appropriations Act, 2021,'" JCX-24-20, December 21, 2020.

[5] For more information on expiring provisions or "tax extenders," see CRS Report R46627, *Tax Provisions Expiring in 2020 ("Tax Extenders")*, by Molly F. Sherlock, by Molly F. Sherlock. For more information on disaster tax relief, see CRS Report R45864, *Tax Policy and Disaster Recovery*, by Molly F. Sherlock and Jennifer Teefy.

Table 1. Provisions in the COVID-Related Tax Relief Act of 2020

Section Title	Description	CRS Resources
Additional 2020 recovery rebates for individuals	Enacts additional direct payments for individuals. These payments are structured as refundable tax credits against 2020 income taxes. The IRS will generally use information from 2019 income tax returns to issue the payments as soon as possible, with a deadline of January 15, 2021. Eligible individuals who do not receive a payment by that date will receive the credit when they file their 2020 income tax return. Payments are $600 per eligible individual ($1,200 for married joint filers), and $600 for each eligible dependent. The payment phases out at a rate of $5 per $100 of income above $75,000 ($112,500 for head of household filers, $150,000 for married joint filers or a surviving spouse). Eligible taxpayers who file as single or head of household must provide a Social Security Number (SSN) in order to receive a payment. Married joint filers must provide an SSN for at least one spouse. For joint filers where one spouse provides an SSN and the other spouse provides an Individual Taxpayer Identification Number (ITIN), the payment amount is $600 rather than $1,200. Individuals must also provide the SSNs of their qualifying children in order to receive the additional $600 per child. These payments are generally exempt from reduction for debts owed to or collected by governmental agencies (including past-due child support) and private/commercial debts. For eligible individuals who did not file a 2019 income tax return and who received Social Security, Supplemental Security Income (SSI), Railroad Retirement, or Department of Veterans Affairs (VA) benefits, Treasury is directed to issue payments based on information provided by the Social Security Administration or VA. Clarifies that if a direct payment for a specified Social Security, SSI, Railroad Retirement, or VA beneficiary was deposited into the account of a representative payee ("payee") or fiduciary, it shall be used only for the benefit of the entitled beneficiary. The payee and fiduciary enforcement provisions would apply as under current law. Directs Treasury to conduct outreach to other eligible nonfilers. Requires Treasury to report on the use of funds to carry out the payments. If a taxpayer receives a larger advanced credit in 2020 than they were eligible for on their 2020 income tax return, they generally would not be required to pay back the difference. If an individual received an advanced payment less than what they	For background, see • CRS Insight IN11513, *COVID-19 and Direct Payments to Individuals: Comparison of Recent Proposals for a Second Round of Payments*, by Margot L. Crandall-Hollick. • CRS Report R46415, *CARES Act (P.L. 116-136) Direct Payments: Resources and Experts*, coordinated by Margot L. Crandall-Hollick. • CRS Insight IN11282, *COVID-19 and Direct Payments to Individuals: Summary of the 2020 Recovery Rebates/Economic Impact Payments in the CARES Act (P.L. 116-136)*, by Margot L. Crandall-Hollick. • CRS Insight IN11234, *Tax Cuts as Fiscal Stimulus: Comparing a Payroll Tax Cut to a One-Time Tax Rebate*, by Molly F. Sherlock and Donald J. Marples. • CRS Report RS21126, *Tax Cuts and Economic Stimulus: How Effective Are the Alternatives?*, by Jane G. Gravelle.

Section Title	Description	CRS Resources
	were eligible for on their 2020 income tax return, they could claim the difference on that return (filed in 2021). Payments are made to the possessions (e.g., Puerto Rico) to provide funding for rebates.	
Amendments to recovery rebates under the CARES Act	Amendment to the CARES Act recovery rebates to specify that the income level for the phaseout for joint returns also applies to surviving spouses. The amendment clarifies that if a CARES Act direct payment for a specified Social Security, SSI, Railroad Retirement, or VA beneficiary was deposited into the account of a representative payee ("payee") or fiduciary, it shall be used only for the benefit of the entitled beneficiary. The payee and fiduciary enforcement provisions would apply as under current law. Amends the CARES Act to allow married joint filers in which one spouse provided an ITIN to retroactively receive the CARES Act direct payment. The amendment would allow these couples to receive a payment of $1,200, plus the additional $500 per qualifying child. Under the CARES Act, married joint filers were ineligible unless they provided an SSN for both spouses.	For background, see • CRS Report R46415, *CARES Act (P.L. 116-136) Direct Payments: Resources and Experts*, coordinated by Margot L. Crandall-Hollick. • CRS Insight IN11282, *COVID-19 and Direct Payments to Individuals: Summary of the 2020 Recovery Rebates/Economic Impact Payments in the CARES Act (P.L. 116-136)*, by Margot L. Crandall-Hollick.
Extension of certain deferred payroll taxes	Employees whose employers deferred individual payroll tax obligations are given an extended repayment period. The period in which deferred payroll taxes are to be ratably repaid is extended from January 1, 2021, through April 30, 2021, to January 1, 2021, through December 31, 2021.	For background, see • CRS Insight IN11488, *COVID-19: Presidential Order Deferring Individual Payroll Taxes*, by Molly F. Sherlock and Donald J. Marples.
Regulations or guidance clarifying application of educator expense tax deduction	Requires the Secretary of the Treasury to provide regulations or guidance clarifying that expenditures on personal protective equipment, disinfectant, and other supplies used in the prevention of COVID-19 are tax-deductible educator expenses.	
Clarification of tax treatment of forgiveness of covered loans	Clarifies that expenses paid out of forgiven loans under the Payment Protection Program that are excluded from income would be deductible. This section reverses recent IRS guidance (Notice 2020-32) that held these expenses were not deductible. It also clarifies the language in the CARES Act relating to exclusion of loan forgiveness from income.	For background, see • CRS Insight IN11378, *IRS Guidance Says No Deduction Is Allowed for Business Expenses Paid with Forgiven PPP Loans*, by Sean Lowry and Jane G. Gravelle. • CRS Report R46284, *COVID-19 Relief Assistance to Small Businesses: Issues and Policy Options*, by Robert Jay Dilger, Bruce R. Lindsay, and Sean Lowry.
Emergency financial aid grants	Students who receive emergency qualified financial aid grants are not required to include such grants in gross income for tax purposes. Qualified financial aid grants are defined as grants awarded under Sections 3504 and 18004 of the CARES Act and any other emergency financial aid grant made	For background, see • CRS Report R41967, *Higher Education Tax Benefits: Brief Overview and Budgetary Effects*, by Margot L. Crandall-Hollick.

Section Title	Description	CRS Resources
	to a student from a federal agency, a state, an Indian tribe, an institution of higher education, or a scholarship-granting organization for purposes of providing financial relief to students enrolled at institutions of higher education in response to a qualifying emergency.	• CRS In Focus IF11497, *CARES Act Higher Education Provisions*, coordinated by Cassandria Dortch. • CRS Report R46506, *The Heroes Act: Education-Related Provisions*, coordinated by Cassandria Dortch.
Clarification of tax treatment of certain loan forgiveness and other business financial assistance under the CARES Act	Clarifies that expenses paid out of forgiven loans and grants under other programs, including Economic Injury Disaster Loans (EIDL) and Grants for Shuttered Venue Operators, are deductible, while the forgiven loans are excluded from income.	For background, see • CRS Insight IN11378, *IRS Guidance Says No Deduction Is Allowed for Business Expenses Paid with Forgiven PPP Loans*, by Sean Lowry and Jane G. Gravelle. • CRS Report R46284, *COVID-19 Relief Assistance to Small Businesses: Issues and Policy Options*, by Robert Jay Dilger, Bruce R. Lindsay, and Sean Lowry. • CRS Insight IN11370, *SBA EIDL and Emergency EIDL Grants for COVID-19*, by Bruce R. Lindsay.
Authority to waive certain information-reporting requirements	Provides authority for the Secretary of the Treasury to waive information-reporting requirements for forgiven loans or grants that are excluded from income.	
Application of special rules to money purchase pension plans	The CARES Act allowed a series of special rules for the use of retirement plan funds for coronavirus-affected individuals. This provision allows in-service distributions from money purchase plans to be treated as coronavirus-related distributions and is effective retroactively as if included in the CARES Act.	For background, see • CRS In Focus IF11482, *Retirement and Pension Provisions in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act)*, by John J. Topoleski and Elizabeth A. Myers.
Election to waive application of certain modifications to farming losses	Allows farmers who elected a two-year net operating loss (NOL) carryback prior to the CARES Act to elect to retain that two-year carryback rather than claim the five-year carryback provided in the CARES Act.	For background, see • CRS Insight IN11296, *Tax Treatment of Net Operating Losses (NOLs) in the Coronavirus Aid, Relief, and Economic Security (CARES) Act*, by Jane G. Gravelle. • CRS Insight IN11240, *COVID-19: Potential Role of Net Operating Loss (NOL) Carrybacks in Addressing the Economic Effects*, by Mark P. Keightley.
Oversight and audit reporting	Adds the Senate Committee on Finance and the House Committee on Ways and Means to the list of appropriate congressional committees for the purposes of receiving briefings from the	For background, see • CRS Report R46315, *Congressional Oversight Provisions in the Coronavirus Aid,*

Section Title	Description	CRS Resources
	Comptroller General related to oversight and audit of COVID-19 recovery efforts.	*Relief, and Economic Security (CARES) Act (P.L. 116-136)*, by Ben Wilhelm and William T. Egar.
Disclosures to identify tax receivables not eligible for collection pursuant to qualified tax collection contracts	Modifies Section 6103(k) of the Internal Revenue Code (IRC), which provides for disclosure of certain tax returns and return information for administrative purposes, to allow for disclosure of certain taxpayer information to the Social Security Administration to identify tax receivables not eligible for collection because substantially all of the taxpayer's income consists of disability insurance benefits under Section 223 of the Social Security Act or supplemental security income benefits under Title XVI of the Social Security Act. Section 1205 of the Taxpayer First Act (P.L. 116-25) provides that individuals whose income is primarily derived from Supplemental Social Security (SSI) and Social Security Disability Insurance (SSDI) benefits be excluded from the IRS private debt collection program beginning on January 1, 2021.	For background, see • CRS In Focus IF10339, *The Internal Revenue Service's Private Tax Debt Collection Program*, by Gary Guenther. • CRS In Focus IF10506, *Social Security Disability Insurance (SSDI)*, by William R. Morton. • CRS In Focus IF10482, *Supplemental Security Income (SSI)*, by William R. Morton.
Modification of certain protections for taxpayer return information	Modifies Section 6103 of the IRC, which provides rules pertaining to confidentiality of tax returns, to allow higher education institutions to designate a contractor to receive tax return information on behalf of such institutions and to revise rules regarding disclosed return information for the purpose of carrying out the Higher Education Act (P.L. 89-329).	For background, see • CRS Report R44503, *Federal Student Aid: Need Analysis Formulas and Expected Family Contribution*, by Benjamin Collins. • CRS Report R46400, *The FUTURE Act (P.L. 116-91): Amendments to the Higher Education Act and Internal Revenue Code*, by Benjamin Collins et al.
2020 election to terminate transfer period for qualified transfers from pension plan for covering future retiree costs	Under current law up to 10 years of retiree health and life costs may be transferred from a company's pension plan to a retiree health benefits account and/or a retiree life insurance account within the pension plan, if certain conditions are met. One of the conditions, that plan funding must be 120% or greater of expected future outlays for the duration of the transfer, has been more difficult to meet due to COVID-19 market volatility. This provision allows employers to make a one-time election during 2020 and 2021 to end any existing transfer period for any taxable year beginning after the date of election, if the plan maintains funding of at least 100% for the original transfer period and meets other conditions.	For background, see • CRS Report R46366, *Single-Employer Defined Benefit Pension Plans: Funding Relief and Modifications to Funding Rules*, by John J. Topoleski and Elizabeth A. Myers.
Extension of credits for paid sick and family leave	Extends the refundable payroll tax credits, enacted in the Families First Coronavirus Response Act (FFCRA; P.L. 116-127), through March 31, 2021. The credits apply as if the corresponding employer mandates were also extended.	For background, see • CRS Insight IN11243, *Tax Credit for Paid Sick and Family Leave in the Families First Coronavirus Response Act (H.R.*

Section Title	Description	CRS Resources
		6201) (Updated), by Molly F. Sherlock. • CRS In Focus IF11487, *The Families First Coronavirus Response Act Leave Provisions*, by Sarah A. Donovan and Jon O. Shimabukuro.
Election to use prior year net earnings from self-employment in determining average daily self-employment income for purposes of credits for paid sick and family leave	Average daily self-employment income is an amount equal to the net earnings from self-employment for the taxable year divided by 260. This provision allows individuals to elect to use average daily self-employment income from 2019, instead of 2020, to compute the credit. This provision is effective as if included in FFCRA.	For background, see • CRS Insight IN11243, *Tax Credit for Paid Sick and Family Leave in the Families First Coronavirus Response Act (H.R. 6201) (Updated)*, by Molly F. Sherlock.
Certain technical improvements to credits for paid sick and family leave	Makes technical changes to and coordinates the definitions of qualified wages for paid sick leave, paid family and medical leave, and the exclusion of such leave from employer Old-Age, Survivors, and Disability Insurance (OASDI) tax. This provision is effective as if included in FFCRA.	For background, see • CRS Insight IN11243, *Tax Credit for Paid Sick and Family Leave in the Families First Coronavirus Response Act (H.R. 6201) (Updated)*, by Molly F. Sherlock.

Source: CRS analysis of the Consolidated Appropriations Act, 2021 (P.L. 116-260).

Table 2. Estimated Cost of the COVID-Related Tax Relief Act of 2020

Fiscal Years; Millions of Dollars

Provision	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-2030
Additional 2020 recovery rebates for individuals	164,061	-	-	-	-	-	-	-	-	-	164,061
Amendments to recovery rebates under the CARES Act	1,637	-	-	-	-	-	-	-	-	-	1,637
Extension of certain deferred payroll taxes	469	-453	-	-	-	-	-	-	-	-	16
Regulations or guidance clarifying application of educator expense tax deduction	2	2	2	2	2	2	2	2	2	2	20
Clarification of tax treatment of forgiveness of covered loans	-	-	-	-	-	-	-	-	-	-	*No Revenue Effect*
Emergency financial aid grants	108	27	-	-	-	-	-	-	-	-	135
Clarification of tax treatment of certain loan forgiveness and other business financial assistance under the CARES Act	-	-	-	-	-	-	-	-	-	-	*No Revenue Effect*
Authority to waive certain information-reporting requirements	-	-	-	-	-	-	-	-	-	-	*No Revenue Effect*
Application of special rules to money purchase pension plans	71	15	7	1	1	1	1	1	2	2	101
Election to waive application of certain modifications to farming losses	-	-	-	-	-	-	-	-	-	-	*Negligible Revenue Loss*
Oversight and audit reporting	-	-	-	-	-	-	-	-	-	-	*No Revenue Effect*
Disclosures to identify tax receivables not eligible for collection pursuant to qualified tax collection contracts	-	-	-	-	-	-	-	-	-	-	*Negligible Revenue Loss*

Provision	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-2030
Modification of certain protections for taxpayer return information	-	-	-	-	-	-	-	-	-	-	*No Revenue Effect*
2020 election to terminate transfer period for qualified transfers from pension plan for covering future retiree costs	-60	-47	-38	-29	-23	-19	-10	-2	-	-	-228
Extension of credits for paid sick and family leave	1,185	417	-	-	-	-	-	-	-	-	1,602
Election to use prior-year net earnings from self-employment in determining average daily self-employment income for purposes of credits for paid sick and family leave	-	-	-	-	-	-	-	-	-	-	*Estimate included in "Extension of credits for paid sick and family leave"*
Certain technical improvements to credits for paid sick and family leave	-	-	-	-	-	-	-	-	-	-	*Estimate included in "Extension of credits for paid sick and family leave"*
Total	**167,473**	**-39**	**-29**	**-26**	**-20**	**-16**	**-7**	**1**	**4**	**4**	**167,344**

Source: Joint Committee on Taxation, "Estimated Budget Effects of the Revenue Provisions Contained in Rules Committee Print 116-68, the 'Consolidated Appropriations Act, 2021,'" JCX-24-20, December 21, 2020.

Notes: A negative number indicates the provision is estimated to result in a revenue gain.

Table 3. COVID-Related Provisions in Division EE of the Consolidated Appropriations Act, 2021

Section Title	Description	CRS Resources
Employee Retention Credit	Modifies and extends the employee retention credit. Changes, which are retroactive to the CARES Act, would (1) clarify that group health plan expenses are considered qualifying wages, even when no other wages are paid; (2) clarify the determination of gross receipts for certain tax-exempt organizations; and (3) allow employers who receive Paycheck Protection Program (PPP) loans to claim the ERTC with respect to wages that are not paid for with forgiven PPP proceeds. Extends and modifies the credit, with the revised credit called the employee retention and rehiring tax credit. The credit is extended through June 30, 2021. Additional modifications (1) increase the credit rate from 50% to 70%; (2) increase the amount of wages that can qualify for the credit from a total of $10,000 to $10,000 per calendar quarter; (3) reduce the decline in gross receipts threshold for credit eligibility from 50% to 20%, and allow certain employers to determine eligibility using the prior quarter's gross receipts; (4) increase the threshold for which the credit can only be claimed for wages paid when services are not provided from 100 to 500 full-time employees; (5) allow employers who were not in existence for all or part of 2019 to qualify for the credit; (6) allow certain public-sector employers to claim the credit; (7) provide that advance payments be allowed at any point in the calendar quarter for employers with 500 or fewer employees; (8) provide special rules for seasonal employers for calculating credit amounts; and (9) direct the Secretary of the Treasury to conduct a public awareness campaign regarding the availability of the credit in coordination with the Small Business Administration.	For background, see • CRS Insight IN11299, *COVID-19: The Employee Retention Tax Credit*, by Molly F. Sherlock. • CRS Insight IN11324, *CARES Act Assistance for Employers and Employees—The Paycheck Protection Program, Employee Retention Tax Credit, and Unemployment Insurance Benefits: Overview (Part 1)*, coordinated by Molly F. Sherlock. • CRS Insight IN11329, *CARES Act Assistance for Employers and Employees—The Paycheck Protection Program, Employee Retention Tax Credit, and Unemployment Insurance Benefits: Assessment of Alternatives (Part 2)*, coordinated by Molly F. Sherlock.
Temporary Rule Preventing Partial Plan Termination	Modifies the current partial plan termination rules to ensure such termination does not occur if the active participant count as of March 31, 2021, is at least 80% of the number of active participants covered by the plan on March 13, 2020.	
Business Meals Deduction	Allows a 100% deduction for expenses paid or incurred in 2021 or 2022 for business meal food and beverages provided by a restaurant, including any carry-out or delivery meals. Absent this provision, a 50% deduction is allowed for business meals.	For background, see • CRS Insight IN11313, *Business Deductions for Entertainment and Meals*, by Donald J. Marples
Special Rule for Determining Earned Income	If a taxpayer's earned income in 2020 is less than earned income from the preceding year (i.e., 2019), the taxpayer can elect to use preceding year earned income for the purposes of determining the Earned Income Tax Credit (EITC) or the Additional Child Tax Credit (ACTC).	For background, see • CRS Report R45864, *Tax Policy and Disaster Recovery*, by Molly F. Sherlock and Jennifer Teefy.

Section Title	Description	CRS Resources
		• CRS Report R43805, *The Earned Income Tax Credit (EITC): How It Works and Who Receives It*, by Margot L. Crandall-Hollick, Gene Falk, and Conor F. Boyle. • CRS In Focus IF11077, *The Child Tax Credit*, by Margot L. Crandall-Hollick.
Special Rules for Charitable Contributions	Taxpayers who do not itemize deductions are allowed an above-the-line deduction of up to $300 ($600 for married couples) for 2021. The CARES Act allowed a deduction of up to $300 for 2020. The CARES Act also suspended the 50% of AGI limit (temporarily 60% for cash contributions through 2025) on cash contributions for individuals for 2020. The corporate deduction limit was increased from 10% of taxable income to 25% for cash contributions. The limit on the deduction for contributions of food inventory was increased from 15% to 25% for both corporate and noncorporate businesses. The increased limits did not apply to contributions to private foundations and donor-advised funds. These revisions are extended to 2021.	For background, see • CRS Insight IN11420, *Temporary Enhancements to Charitable Contributions Deductions in the CARES Act*, by Jane G. Gravelle.
Health and Dependent Care Flexible Spending Arrangements (FSAs)	Flexible spending accounts (FSAs) provide exclusions from income tax for contributions for benefits that can be used for health and dependent care. Individuals' contributions are generally forfeited if not used during the plan year (or, where applicable, an allowed grace period). Health FSAs may allow limited amounts to be rolled over to subsequent plan years. The Internal Revenue Service (IRS) allowed employers to provide employees with the ability to make midyear changes to the amounts contributed to FSAs during 2020. Because some plans do not follow a calendar year, the IRS also allowed employers to extend the availability of FSA funds through the end of 2020 for plans that were scheduled to end before December 31. This provision allows employers to extend the availability of FSA contribution amounts from 2020 to 2021, and from 2021 to 2022. It also allows employers to increase the coverage of dependent care expenses from children under age 13 to children under age 14. Additionally, it allows employers to make health FSA funds available to employees who made contributions to their health FSA and were terminated in 2020 or 2021. Finally, it allows employers to provide employees with the opportunity to make midyear, prospective FSA contribution changes for plans ending in 2021.	For background, see • CRS In Focus IF11597, *Potential Impact of COVID-19 on Dependent Care Flexible Spending Arrangements (FSAs)*, by Conor F. Boyle and Margot L. Crandall-Hollick. • CRS In Focus IF11576, *Potential COVID-19 Impacts on Health Flexible Spending Arrangements (FSAs) and Recent Health FSA Changes*, by Ryan J. Rosso.

Source: CRS analysis of the Consolidated Appropriations Act, 2021 (P.L. 116-260).

Table 4. Estimated Cost of COVID-Related Tax Relief in the Taxpayer Certainty and Disaster Relief Act of 2020

Fiscal Years; Millions of Dollars

Provision	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-2030
Clarification and technical improvements to CARES Act employee retention credit	5,167	-	-	-	-	-	-	-	-	-	5,167
Extension and modification of employee retention and rehiring credit	13,139	2,319	-	-	-	-	-	-	-	-	15,458
Temporary rule preventing partial plan termination	-	-	-	-	-	-	-	-	-	-	*Negligible Revenue Effect*
Temporary allowance of full deduction for business meals	1,266	3,200	1,831	-	-	-	-	-	-	-	6,296
Temporary special rule for determination of earned income (EITC and CTC lookback)	4,136	-	-	-	-	-	-	-	-	-	4,136
Certain charitable contributions deductible by nonitemizers	573	2,292	-	-	-	-	-	-	-	-	2,865
Temporary modification of limitations on charitable contributions	721	2,498	-1,601	-494	-286	-194	-	-	-	-	643
Temporary special rules for health and dependent care flexible spending arrangements	-i-	-38	-16	-	-	-	-	-	-	-	-54

Source: Joint Committee on Taxation, "Estimated Budget Effects of the Revenue Provisions Contained in Rules Committee Print 116-68, the 'Consolidated Appropriations Act, 2021,'" JCX-24-20, December 21, 2020.

Notes: A negative number indicates the provision is estimated to result in a revenue gain. An -i- indicates a negligible revenue effect.

Author Information

Molly F. Sherlock
Specialist in Public Finance

Jane G. Gravelle
Senior Specialist in Economic Policy

Donald J. Marples
Specialist in Public Finance

Mark P. Keightley
Specialist in Economics

Disclaimer