



# TaxNewsFlash

United States



No. 2020-126  
March 19, 2020

## Legislative Update: Senate Republicans release draft “Phase 3” coronavirus (COVID-19) bill, with tax provisions

U.S. Senate Republicans this afternoon, March 19, 2020, released a draft bill intended to further address the coronavirus (COVID-19) crisis. The bill includes both tax and non-tax measures, for both individuals and for businesses.

The bill does not yet include priorities of Senate Democrats, the approval of at least some of whom is likely needed for legislation to achieve approval in the broader Senate. Further, House Democrats can be expected to identify their priorities in the coming days, and both the House and the Senate ultimately would have to agree to the same version of the legislation. Thus, changes can be expected. Nonetheless, legislative action may take place quickly, so stay tuned for further developments.

### Overview

General highlights of the tax measures proposed in today’s draft bill include the following—some of which are temporary in nature.

Tax measures for individuals:

- Rebates of up to \$1,200 for single filers and \$2,400 for joint filers (with amounts increased by \$500 per child). These payments are subject to phase-outs beginning at \$75,000 / \$150,000 adjusted gross income (AGI) for single filers / joint filers.
- A delay of the April 15 filing date for 2019 returns until July 15. Also, a delay in estimated tax payments otherwise due from date of enactment until October 15, 2020.
- A waiver of the early withdrawal penalty for certain coronavirus-related withdrawals from qualified retirement plans.

- Allowance of up to \$300 of charitable deductions for non-itemizing taxpayers for tax years beginning in 2020 and relaxation of the limitations for those taxpayers who itemize.

Tax measures for businesses:

- A delay of estimated tax payments for corporations due from date of enactment until October 15, 2020.
- A delay of payment of certain employer and self-employment payroll taxes.
- Changes to the rules governing net operating losses (NOLs), including a five-year carryback of certain 2018, 2019, and 2020 losses and, temporarily, the ability to fully offset income.
- Changes to the limitation on loss rules for partnerships and sole-proprietors (some temporary).
- Acceleration of refundability of corporate alternative minimum tax (AMT) credits.
- Temporary relaxation of the section 163(j) limitation of interest deductions to 50% of adjusted taxable income.
- A number of technical corrections to provisions in the 2017 tax law ("Tax Cuts and Jobs Act"), including the qualified improvement property fix, the NOL effective date fix, a correction to the downward attribution rules, and a change to the repatriation provisions of section 965.
- A suspension of certain aviation excise taxes through the creation of an "excise tax holiday" through December 31, 2020.

## Documents

Read text of the [legislative proposals](#) [PDF 322 KB] (247 pages)

Read a [section-by-section summary](#) [PDF 122 KB] prepared by the staff of the Senate Finance Committee

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