

**Professional Education Services, LP**

# The American Rescue Plan Act of 2021



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# THE AMERICAN RESCUE PLAN ACT OF 2021

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On March 11, 2021, President Biden signed into law the \$1.9 trillion American Rescue Plan Act of 2021. Key provisions of the new law include:

- Extends the extra \$300 per week of federal unemployment benefits through September 6, 2021.
- Creates a new federal tax exclusion for the first \$10,200 of unemployment benefits received in 2020. This exclusion applies to households with modified AGI up to \$150,000.
- Free COBRA benefits through September 30, 2021.
- 2021 recovery rebates of \$1,400 for single filers (\$2,800 for married filing jointly), plus \$1,400 per dependent. Phaseout ranges by AGI: \$75,000–\$80,000 for single filers; \$112,500–120,000 for head of household; \$150,000–\$160,000 for married filing jointly. Fully phased out at the larger amounts.
- Increased and fully refundable Child Tax Credits and Dependent Care Credits for 2021. The Child Tax Credit (which was a maximum of \$2,000 per eligible child in 2020), increases to \$3,600 for children ages zero to 5 and \$3,000 for children 6-17. The amounts revert to \$2,000 in 2022.
- Expansion and increase in the Earned Income Tax Credit – primarily for 2021.
- Increase in the exclusion for employer provided dependent care.
- Extension and modification of credits for Paid Sick and Family Leave through September 30, 2021.
- Expansion and modification of the Employee Retention Credit through December 31, 2021. 70% of eligible wages. Eligible wages are now up to \$10,000 per employee per quarter. The result is a credit of up to \$28,000 per employee for 2021.
- An expansion and increase in the Earned Income Tax Credit.
- An exclusion from income from the discharge of a student loan from 2021–2025.
- Funding relief for single employer pension plans.
- Tax relief for excess advanced premium tax credits received in 2020. Expansion of Premium Tax Credit for those receiving unemployment compensation in 2021. Expanded premium assistance for those with income up to \$50,000 through 2022.