

DC Tax Flash: Virus Relief Headed for House Vote Next Week

Tax Alert
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The House resumes legislative work next week with action on a massive reconciliation bill ([S.Con.Res. 5](#)) that includes \$1.9 trillion in spending and tax provisions for virus relief. [On Monday](#), the House Budget Committee will consider the unified bill, which has been pieced together from legislative language [reported](#) by the Ways and Means Committee and other House panels.

The tax portions of the reconciliation bill include provisions to provide \$1,400 payments to individuals, expand credits for children and child care, and expand the Earned Income Tax Credit.

The bill also includes [several pension-related provisions](#), including funding relief for multiemployer plans and a prospective cost of living freeze on certain qualified retirement plan limitations that would otherwise be indexed for inflation. The Ways and Means Committee [explains](#) that in 2021 "the [Code Section 415\(c\)](#) annual contribution limit for defined contribution plans is \$58,000 – and the [415\(b\)\(1\)\(A\)](#) annual defined benefit limit is \$230,000. In addition, for 2021, the [401\(a\)\(17\)](#) annual compensation limit is \$290,000." Starting in 2030, the bill would freeze these limits as they are in place at that time.

Other business-related provisions in the reconciliation bill would:

- extend and expand credits for paid sick and family leave;
- increase the exclusion for employer-provided dependent care assistance for 2021 from \$5,000 to \$10,500 (and from \$2,500 to \$5,250 for a married person filing separately);
- repeal the election to allocate interest on a worldwide basis, which the Joint Committee on Taxation (JCT) says would raise \$22.3 billion; and
- extend and expand the Employee Retention Credit.

House Democratic leaders are aiming to pass the bill by the end of next week, setting the stage for Senate consideration. In the Senate, special rules govern consideration of reconciliation bills. Floor debate time is limited to 20 hours, and filibusters are not allowed. Only a simple majority is needed for passage.

- [591-page text of S.Con.Res. 5](#)
- [Ways and Means Committee summary of the tax policy changes it reported pursuant to reconciliation](#)
- [JCT description of tax policy changes](#)
- [Similar summary of the pension policy changes](#)
- [JCT description of pension policy changes](#)
- [JCT revenue estimate for the tax-related provisions of the reconciliation bill](#)
- [More information on the Budget Committee's markup session on Monday](#)

Miller & Chevalier Coronavirus Task Force

The outbreak of COVID-19 is creating significant business and legal challenges for companies throughout the world. In response to client demand, the firm has formed an interdisciplinary task force to help businesses navigate these issues.

COVID-19 Resource Library

We also maintain a resource library of [legislative responses](#) and [regulatory guidance](#) related to COVID-19.

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