



In this issue:

Coronavirus stimulus bill trips over Senate procedural hurdle..... 1

Coronavirus stimulus bill trips over Senate procedural hurdle

A revised version of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, an approximately \$1.6 trillion tax-and-spending package aimed at providing additional stimulus to address the economic impact of the coronavirus pandemic, suffered a setback in the Senate March 22 when Majority Leader Mitch McConnell, R-Ky., was unable to obtain the 60-vote supermajority he needed to put it on a path to a vote on final passage by March 23.

URL: https://newsletters.usdbriefs.com/2020/Tax/TNV/200322_1_suppA.pdf

McConnell was hampered on two fronts. Republicans control only 53 seats in the chamber and five of their members – Rand Paul of Kentucky, Mike Lee and Mitt Romney of Utah, Cory Gardner of Colorado, and Rick Scott of Florida – are self-quarantining and were not present to cast votes. (Paul has been diagnosed with the COVID-19 virus; Lee, Romney, Gardner, and Scott report that they have all been exposed to the virus.) Senate Democrats, meanwhile, have raised concerns with the revised CARES Act, arguing that its benefits are skewed to large businesses and that it doesn't do enough for individuals, small businesses, hospitals, and state and local governments.

On the tax side, the revised Senate bill, which was unveiled earlier on March 22, includes several significant business provisions that, among other things, would eliminate the taxable income limit for certain net operating losses and allow businesses and individuals to carry back losses incurred in 2018, 2019, and 2020 to the five prior tax years; relax the excess business loss rules under section 461(l); allow enhanced refundability of previously generated corporate AMT credits; loosen the business interest limitation under section 163(j) from 30 percent to 50 percent; and fix the "retail glitch" for qualified improvement property. Other technical corrections are included in these tax provisions.

The measure also would provide relief to individual taxpayers through provisions such as direct cash payments, penalty-free access to retirement account savings to address virus-related financial hardships, and an expanded deduction for charitable contributions. (A section-by-section summary is available from Senate Republican staff.)
URL: https://newsletters.usdbriefs.com/2020/Tax/TNV/200322_1_suppC.pdf

More negotiations ahead

The failed cloture vote, along with the reduced GOP headcount because of members self-quarantining, likely sets up an intense round of partisan debate as well as stepped-up negotiations as Democrats demand changes to the measure and Republicans push to salvage a deal with the hope of having something to report before the US stock markets open tomorrow morning.

We will provide additional details as they become available.

- Michael DeHoff
Tax Policy Group
Deloitte Tax LLP

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