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Senate unveils revised coronavirus economic stimulus proposal

Senate Majority Leader Mitch McConnell, R-Ky., on March 22 released revised text of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, a tax-and-spending package aimed at providing additional stimulus to address the economic impact of the coronavirus pandemic. The revised proposal reflects modifications included as a result of negotiations between Senate Democratic and Republican leaders and members of the Trump administration.

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

The revised CARES Act includes several significant business tax provisions that, among other things, would eliminate the taxable income limit for certain net operating losses (NOL) and allow businesses and individuals to carry back NOLs 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.

Also released was a supplemental appropriation that would bump up spending for many federal departments and agencies to help ensure that resource needs created by the pandemic response are met. It is anticipated that the two pieces of statutory text will be merged into a single product for the Senate’s consideration.

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It is unclear at press time whether the revised package will be able to clear the Senate in its current form. The first votes related to the package are expected to be taken this afternoon, though the initial votes are purely procedural and not directly tied to the substance of the package.

We will provide additional details on the legislation and its prospects in the Senate in a subsequent edition of *Tax News & Views*.

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