

Overview: some of what Act includes

- \$1200/\$2400 payments to individuals/couples who earn less than \$75k/\$150k gradually reduced to zero if earn \$100k/\$200k
 - Targeted assistance for certain industries (e.g. aviation) and many appropriations to government agencies
 - Paycheck Protection Loan and SBA Emergency Economic Injury Disaster Loan (EIDL) – covered in detail later
 - Loans for Mid-Size Businesses and Non-Profits
 - between 500 and 10,000 employees, interest rate 2% or less
 - No principal or interest due for first 6 months
 - There is NO loan forgiveness for this program.
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Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

- Tax credits for retaining employees **IF** the business does not receive a Paycheck Protection Loan or a EIDL Loan
 - Tax rules for business losses are more favorable. Generally allows business to deduct more business losses and apply them to past years in more instances.
 - Expanded unemployment benefits
 - Charitable deduction limits increased. \$300 above the line deduction for filers using Standard Deduction.
 - Properties with federally backed mortgages: no foreclosures until May 18, 2020, may request 180 days forbearance, no evictions for 120 days
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SBA Emergency Economic Injury Disaster Loan (EIDL)

- Enhanced version of SBA's regular disaster loans used after hurricane. Apply directly to SBA instead of through a bank.
 - This is the program that includes a \$10,000 expedited advance even if your loan does not get approved.
 - less than 500 employees, sole proprietorships and independent contractors, private nonprofit organizations, and small agricultural cooperatives
 - Link to application: <https://covid19relief.sba.gov>
 - Online question and answer form. It is short – plan for about 15 minutes if you know your businesses financial history already
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SBA Emergency Economic Injury Disaster Loan (EIDL) Loan Terms:

- No personal guaranties on loans of \$200,000 or less
 - It doesn't matter if borrower could borrow elsewhere
 - May be approved based on credit score (and probably simple documentation), tax returns not required.
 - Interest rate and term not set by CARES Act.
 - \$10,000 Advance Not Requiring Repayment paid within 3 days after the application is submitted. Can keep this money even if eventually denied the loan (this schedule isn't really happening)
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Paycheck Protection Loans & Loan Forgiveness

- These are loans from lenders like banks that are SBA approved
 - This is the program that allows some or all of the loan to be forgiven depending on how many employees the business keeps
 - A major goal of this program is to make sure employees stay employed so that businesses will be ready to bounce back at the end of the outbreak – for businesses that are basically closed now, this program functions mostly to get money to the employees
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Paycheck Protection Loans & Loan Forgiveness

- Who is eligible?
 - Generally businesses with 500 employees or less, but SBA's rules have limited this in some cases
 - “small business concerns” as defined by SBA
 - 501(c)(3) and 501(c)(19) nonprofit organizations
 - Sole proprietors, independent contractors, and self-employed individuals
 - How much is the loan?
 - 2.5 x average total monthly payroll costs with a max of \$10 Million
 - “payroll cost” includes most employer costs for benefits, leave, state and local taxes, retirement, etc.
 - Compensation of employee in excess of \$100,000 annually is excluded but not the non-cash benefits attributable to that employee
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Paycheck Protection Loans & Loan Forgiveness

- May be used on: payroll costs, group healthcare benefits during periods of leave and insurance premiums, payment of interest (but not principal) on a mortgage, rent, utilities, and interest on any other debt incurred before the covered period
 - Basic loan terms:
 - 10 years or less
 - 4% or less
 - No payments required for 6 months
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Paycheck Protection Loans & Loan Forgiveness

Loan Forgiveness: the better you do retaining your employees, the less of the loan you will actually repay

- amount of payments made over the course of the 8-week period beginning on loan start date for: (A) payroll costs, (B) interest on covered mortgage obligations, (C) covered rent obligations, and (D) covered utility payments. SBA rule now says that non-payroll costs may not exceed 25%.
 - If you received the \$10,000 advance in the EIDL, your amount of forgiveness is reduced by that amount – consequently if your monthly payroll cost is around \$4k and you received the \$10,000 EIDL advance, this loan will not be forgivable
 - Loan forgiveness is reduced proportionately if the borrower's number of full-time equivalent employees or wages decrease – this decrease can be eliminated through rehiring
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Families First Coronavirus Response Act (FFCRA)

- **Emergency Paid Sick Leave Act**

- Up to 10 days (80 hours) of full or 2/3 pay sick leave
- If unable to work or telework
- Coronavirus-related reason

- **Emergency Family and Medical Leave Expansion Act**

- up to 10 extra weeks of 2/3 Pay for child-care needs
 - If unable to work or telework
 - Only if school closed due to Coronavirus
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Families First Coronavirus Response Act (FFCRA)

Common to Both Acts

- **Applies to Private Employers with 500 or fewer employees and all Public Employers**
 - Under 50 - hardship exemption if jeopardizing business – still unclear
 - Exemptions for health care providers and EMTs – broad definition
 - **Effective April 1, 2020 – Expires December 31, 2020**
 - In flux. Additional regulations and guidance almost daily
 - Not a 2 week / 12-week vacation. Work must be available – be aware of discrimination
 - **100% (dollar for dollar) Reimbursement from US Govt through payroll tax deductions or refunds**
 - **Nonenforcement for 30 days – bring business in compliance.**
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Families First Coronavirus Response Act (FFCRA)

Emergency Paid Sick Leave Act

- **Up to 10 days (80 hours) of full or 2/3 paid leave**
 - Subject to a quarantine order related to COVID-19 – EO would qualify
 - Advised by a health care provider to self-quarantine
 - Experiencing symptoms and seeking medical advice
 - Caring for someone with COVID-19 or child's school or daycare closed
 - Full Pay if quarantined or sick; 2/3 pay if caring for others or school out
 - Pay Cap:
 - \$511 / day or \$5110 in aggregate for quarantined or sick
 - \$200 / day or \$2000 in aggregate for care
 - **Covers all employees who have worked for you regardless of tenure**
 - **Part-time employees prorated over last 6 months or expected hours**
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Emergency Family and Medical Leave Expansion Act

- **Up to 12 weeks of 2/3 paid leave (10 extra)**
 - Caring for child if school or daycare closed – only reason
 - 2/3 pay for last 10 weeks. 1st 2 weeks covered by Paid Leave Act
 - Pay Cap: \$200 / day or \$10000 in aggregate for care
 - If sick or caring for someone who is sick, can use regular FMLA
 - Does not address self-isolating employees
 - **Covers all employees who have worked for you 30 days prior**
 - **Reinstatement Rights if over 25 Employees w/ exceptions**
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