



Coronavirus Aid, Relief, and Economic Security Act: What You Need to Know

On Friday, March 27th the President signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act. At over \$2 trillion dollars, this is by far the largest aid package in response to COVID-19, and includes several provisions to help ease the financial and economic burden on small businesses, employees, and families.

Please find our summary of the law's provisions that will most impact our members/business community and their employees below.

In addition to the provisions below, the CARES Act also provides additional funding for the healthcare response to COVID-19, regulatory relief for financial institutions, relief to states/local municipalities, and much more. So to read the full text of the law, click [here](#).

For a full section-by-section breakdown of the law, click [here](#).

For a frequently asked question (FAQ) sheet regarding all of the programs covered below, click [here](#).

Please note that the information below is not, nor should it be construed as, legal advice.

1) Paycheck Protection Program

The CARES Act created the Paycheck Protection Program (PPP), a new program that would offer 100% federally guaranteed loans to small employers (defined below) to help provide working capital to allow businesses to keep operations running and people employed during the emergency. New Loans under this program are eligible for a forgiveness if the business maintains payroll continuity from Feb. 15, 2020 through June 30, 2020.

These loans can be accessed by existing SBA lenders and new, approved lenders brought into the program. Please check with your current financial institution (local bank or credit union) to see if they are approved lenders under the Paycheck Protection Program.

For a full list of member banks, click [here](#). For a full list of member credit unions, click [here](#).

For more information including, loan terms/conditions, loan forgiveness clause, and more, click [here](#).

To determine if the PPP is the right fit for your business and to help you compile what you'll need to apply, click [here](#).

2) SBA Emergency Injury Disaster Loan (EIDL) Enhancements and Emergency EIDL Grants

The CARES Act expands access to the SBA's Economic Injury Disaster Loan (EIDL) program, while also giving SBA more flexibility to disperse small dollar loans.

To learn more about the SBA's EIDL program or to apply, click [here](#).

Enhanced Eligibility:

- Expanded to include tribal businesses, cooperatives, ESOP's, individual contractors, sole proprietors, and private nonprofits with less than 500 employees.
- SBA has overall greater flexibility in determining borrower eligibility

Program Changes:

- For loans below \$200,000, the CARES Act:
 - Waives credit elsewhere requirement (the need for borrowers to prove that they cannot access credit from a traditional lender or elsewhere)
 - Waivers personal guarantee(s)
 - Waives 1-year-in-business requirement

Emergency Grants:

- The CARES Act allows for entities that are eligible to apply for EIDL to request an advance in the form of an emergency grant of up to \$10,000 for the purpose of maintaining payroll, providing paid sick leave, and to service other debt obligations. Applicants will not be required to repay emergency grant – even if they are ultimately denied the EIDL.

IMPORTANT NOTE: Can a business get an EIDL and a Paycheck Protection Program loan?

Yes, small businesses can get both an EIDL and a Paycheck Protection Program loan as long as they don't pay for the same expenses. However, be sure to check with your financial institution, financial advisor, or lender before taking both types of loans if you are not sure of the specifics.

3) Small Business Debt Relief

The CARES Act requires the SBA to pay all principal, interest, and fees on all existing SBA loans currently including 7(a), Community Advantage, 504, and microloan loans for six (6) months.

For more information, please visit the SBA website – [here](#).

4) Tax Credits for Businesses

The CARES Act creates a 50% refundable payroll tax credit during COVID-19 crisis for businesses that either fully or partially shut down OR have a 50% decrease in receipts versus the same quarter in the previous year and continue to pay employees.

- This refundable payroll tax credit will be based on qualified wages paid to employees during crisis, tied to number of employees.
- Covers up to \$10,000 paid per employee, including benefits, for the period 3/13/20-12/31/20.

In addition, under the CARES Act:

- Businesses and self-employed individuals can delay their payroll tax payments. These payments, the employer share of Social Security tax owed for 2020, can instead be deferred and paid over the next two years. Fifty percent must be paid by the end of 2021 and 50% must be paid by the end of 2022.

IMPORTANT NOTE: The ability to defer these taxes does not apply to a business that has a Paycheck Protection loan forgiven.

- Net operating losses (NOLs) arising in FY's '18, '19, and '20 can be carried back 5 years.
- Alternative Minimum Tax Credits that were available as refundable credits through 2021 can be claimed as a refund now.
- Businesses, especially those in the hospitality industry, will be able to immediately write off costs associated with improving facilities, increasing cash flow.
- The government will make a temporary exception from the excise tax normally applied to alcohol, if that alcohol was used to produce hand sanitizer in 2020.
- Allowable deductible interest expenses are increased from 30% to 50% for 2019 and 2020.

IMPORTANT NOTE: Many of these changes will apply to small businesses all over the country, so it is vital to discuss with a tax professional which can apply to your business and/or situation.

5) Unemployment Insurance

The CARES Act has created a new program, the Pandemic Unemployment Assistance (PAU) program for those not traditionally covered by unemployment insurance (UI), including the self-employed, independent contractors, or those with limited work history.

It also expands UI for workers affected by Coronavirus by providing an additional \$600 per week for those in receipt of UI or the newly created Pandemic Unemployment Assistance (PUA) programs and provides an additional 13 weeks of UI after state UI expires.

To apply for unemployment insurance in New York State, click [here](#).

6) Cash Rebates

The CARES Act provides direct financial support to individuals and families through tax rebate checks. This payment includes all taxpayers with work-eligible SSN, including those with low or no income.

All U.S. residents with an adjusted gross income (AGI) of up to \$75,000 (individuals) and \$150,000 (couples) will receive a cash rebate of \$1,200 (for individuals) or \$2,400 (for couples). An additional \$500 will be given for each child per household.

The amount will decrease by \$5 with for every \$100 over the threshold, with individuals with an AGI over \$99,000 completely phased out, \$146,000 for head of household with at least 1 child phased out, and \$198,000 for couples phased out.

Payment eligibility will be determined by individuals 2018 tax returns, however, those who did not file a tax return will be able to receive a refund check if they file a return for the 2019 tax year.

Additionally, the IRS will use SSA-1099 information from the Social Security Administration to identify seniors and individuals with disabilities who are eligible but may not file taxes.

The payment will be distributed electronically to individuals who have an account authorized with the IRS on or after January 1, 2018 for the purpose of receiving tax refunds as a direct deposit, and by mail to all others.

The payments will not be counted as taxable income.

You do not need to complete any applications or take any action to receive this payment.