

CARES Act Highlights

As the impact of COVID-19 continues to be felt across our personal and professional lives, we are working to support our members as they serve clients and provide guidance on critical financial and tax decisions during this crisis.

Earlier today, President Trump signed the Coronavirus Aid, Relief, and Economic Security Act, (CARES H.R. 748), a \$2 trillion stimulus package to respond to the impacts of the COVID-19 pandemic.

The [800-plus page legislation](#) provides emergency relief for those suffering financial hardships stemming from the unprecedented halt of economic activity to mitigate the spread of COVID-19. As we work through the many facets of the legislation, here are just a few of the highlights:

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Financial Assistance to Small Businesses (Title I):

- **Paycheck Protection Program:** A forgivable Small Business Administration loan program for loans up to \$10 million for eligible 501(c)3 not-for-profits and small businesses to cover costs of payroll, operations and debt service, and provides that the loans be forgiven in whole or in part under certain circumstances. Entities with 500 or fewer employees can apply to receive a loan of up to \$10 million to help pay for payroll costs, health insurance premiums, rent, mortgage obligations, utilities and interest on other outstanding debt. Loan forgiveness is provided for amounts spent during an initial period with the amount of loan forgiveness dependent on employee retention.

[A Senate Health, Education, Labor and Pensions Committee staff section-by-section analysis of the entire CARE Act is available here.](#)

Direct Rebates and Tax Relief for Individuals and Employers (Title II)

- **Direct rebates** in the form of a refundable tax credit rebate of up to \$1,200 for individuals and \$2,400 for married couples making less than \$75,000 (individual) or \$150,000 (married). Families may also be eligible for an additional \$500 per child. The rebate amount decreases by \$5 for every \$100 of additional income. Those making more than \$99,000 (individual) and \$198,000 (married) would not receive any rebate. The rebate amount is based on the 2019 tax returns (or 2018 return if 2019 has not been filed).
- **Additional unemployment assistance** in the amount of \$600 on top of the base amount provided by the state. The additional amount is available up to four months. Length of unemployment benefits is also extended by 13 weeks.
- **Retirement plan flexibility** to allow individuals to take up to \$100,000 in coronavirus-related distributions from retirement plans.
- **Employee retention credits** up to \$5,000 for each employee available to employers that have seen at least a 50 percent reduction in revenue in the first quarter of 2020 compared, to the first quarter of 2019, among other qualifying conditions.
- **Additional tax relief** including modifications for net operating losses, limitations on business interests, AMT, employer payroll tax extension, employer-funded student debt relief, charitable deductions and excise tax relief.

[A Senate Finance Committee staff section-by-section analysis of the CARE Act's tax and unemployment assistance provisions is available here.](#)

Increased Funding for Education and Health Care (Title III)

- **Funding to support the health care system** and immediate responses to COVID-19, as well as investments and loosened regulations related to the advancement of certain medical treatments, including additional investments to improve preparation for future disease mitigation efforts. Provisions also include support for telemedicine, testing and additional changes to the paid sick and paid family and medical leave rules.
- **Support for educational systems** in the form of relaxed restrictions on the use of federal funds and additional assistance for elementary, secondary and higher education schools.
- **Student loan** debt relief measures.

[A Senate Finance Committee staff section-by-section analysis of the CARE Act's education and health care provisions is available here.](#)

Economic Stabilization and Assistance (Title IV)

- **Treasury Department's Exchange Stabilization Fund** to provide loans to aid economically distressed sectors of the economy, including passenger and cargo air carriers.

[A Senate Banking Committee staff section-by-section analysis of the CARE Act's banking provisions is available here.](#)

The CARES act, or "Phase Three" of the economic stabilization effort, follows two prior congressional responses to this crisis. Earlier in March a "Phase One" package, the [Coronavirus Preparedness and Response Supplemental Appropriations Act](#), provided \$8.3 billion funding for health agencies to ramp up mitigation efforts. A "Phase Two" package, the [Families First Coronavirus Response Act H.R. 6201](#), provided expanded paid sick leave and paid family and medical leave.

Note: *These legislative and regulatory changes are complex and wide ranging. Before making any determinations for yourself or your client, be sure to review the provisions in detail and consult with experts as appropriate.*