



Stimulus & Related Legislation

KEEPING AMERICAN WORKERS PAID AND EMPLOYED ACT

Small Business Administration (SBA) Loans

1. Loans receive a 100 % guarantee through December 31, 2020.
2. Section 501(c)(3) nonprofits are eligible in addition to small businesses. Small businesses are defined as not more than 500 employees.
3. It includes sole-proprietors, independent contractors and other self-employed individuals as eligible for loans.
4. Waives affiliation rules for businesses in the hospitality and restaurant industries.
5. The covered loan period begins February 15, 2020 and ends on June 30, 2020.
6. The maximum amount of the loan is \$ 10 million through December 31, 2020 and provides a formula by which the loan amount is tied to payroll costs incurred by the business to determine the size of the loan.
7. Allowable uses of the loan include payroll support, such as employee salaries, paid sick or medical leave, insurance premiums, and mortgage, rent, and utility payments.
8. For eligibility purposes it requires lenders to determine whether a business was operational on February 15, 2020 and had employees for whom it paid salaries and payroll taxes or paid independent contractors. This is instead of determining repayment ability.
9. It requires eligible borrowers to make a good faith certification that the loan is necessary due to the uncertainty of current economic conditions caused by Covid-19 and they will use the funds to retain workers and maintain payroll, lease, and utility payments.
10. It waives collateral and personal guarantees.
11. The loan period will not be more than 10 years.
12. The maximum interest rate is 4 %.
13. Allows a complete deferment of 7(a) loan repayments for at least 6 months and not more than 12.
14. Borrowers shall be eligible for loan forgiveness equal to the amount spent by the borrower during an 8 week period after the origination date of the loan on payroll costs, interest payments on any mortgage incurred prior to February 15, 2020, payment of rent on any lease in force prior to February 15, 2020, and payment on any utility for which service began before February 15, 2020.

RELIEF FOR WORKERS AFFECTED BY CORONAVIRUS ACT

Unemployment Provisions

1. Creates a temporary Pandemic Unemployment Assistance program through December 31, 2020 to provide payment to those not traditionally eligible for unemployment benefits who are

- unable to work as a direct result of the coronavirus public emergency. This includes self-employed, independent contractors, those with a limited work history and others.
2. Provides an additional \$ 600 payment per week to each recipient collecting unemployment for up to 4 months.
 3. Provides an additional 13 weeks of unemployment benefits through December 31, 2020 to help those who remain unemployed after weeks of state unemployment benefits are no longer available.

Rebates and Other Individual Provisions

1. All U. S. residents with adjusted gross income up to \$ 75,000 (\$ 150,000 if married), who are not a dependent of another taxpayer and have a work eligible social security number, are eligible for the full \$ 1,200 (\$ 2,400 if married) rebate. In addition, they are eligible for an additional \$ 500 per child. This includes those who have no income, as well as those whose income comes entirely from non-taxable means-tested benefit programs, such as SSI benefits.
2. No action will be required for the vast majority of individuals.
3. The information from the 2019 tax return will be used. If that return is not filed, they will use the information from the 2018 tax return to determine eligibility.
4. There is a phase-out amount. The rebate is reduced by \$ 5 for each \$ 100 that a taxpayer's income exceeds the phase-out threshold as explained in paragraph 1 of this section. The rebate is completely phased-out for a single filer with adjusted gross income exceeding \$ 99,000, \$146,500 for head of household filers with one child, and \$ 198,000 for joint filers with no children.
5. The 10 % early withdrawal penalty is waived for distributions up to \$ 100,000 from qualified retirement accounts for coronavirus related made on or after January 1, 2020. The income tax on these distributions would be subject to tax over three years. The taxpayer may recontribute the funds back to the retirement plan within three years without regard to an annual cap on contributions.
6. The required minimum distribution is waived for calendar year 2020.
7. An above the line deduction of \$ 300 is allowed for 2020 for contributions to churches and charitable organizations. This deduction is before calculating adjusted gross income and you do not have to itemize your deductions.
8. An employer can contribute up to \$ 5,250 toward an employee's student loans without it being income to the employee. It is not clear if the employer can deduct these payments on their tax return.
9. Student loan payments, including principal and interest are deferred for 6 months through September 30 , 2020 without penalty to the borrower for all federally insured student loans.

Business Provisions

1. A refundable payroll tax credit is available for 50 % of wages paid by employers to employees during the Covid-19 crisis. The credit is available to employers whose operations were fully or partially suspended due to a Covid-19 related order or their gross receipts declined by more than 50 % when compared to the same quarter the prior year. For eligible employers with 100 or fewer full-time employees, all employee wages qualify for the credit, whether the employer is open for business or subject to a shut-down order. The credit is provided for the first \$ 10,000 of compensation, including health benefits, paid to an eligible employee. The credit is provided for wages paid or incurred from March 31, 2020 through December 31, 2020.

2. Employers and self-employed individuals can defer payment of the employer share of the Social Security tax they otherwise are responsible for paying to the federal government with respect to their employees. This is the 6.2 % match. This provision requires that the deferred employment tax be paid over the following two years with half paid in 2021 and the balance in 2022. This way the Social Security Trust funds will not be impacted. This is a change from the original proposal where the unpaid, or deferred, amount would not have to be paid.