

Coronavirus Aid, Relief, and Economic Security Act (CARES Act) H.R. 748



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IMPACT ON INDIVIDUALS

CASH PAYMENTS



- Subject to the following INCOME LIMITS:
 - Individuals: \$75,000
 - Phase out: \$75,000 - \$99,000
 - Couples: \$150,000
 - Phase out: \$150,000 - \$198,000

UNEMPLOYMENT

- Extra \$600 per week from federal government in addition to the base amount a newly unemployed worker receives from their state
 - Now 39 weeks instead of normal 26 weeks
- Benefits have been extended an additional 13 weeks
 - Temporary Pandemic Unemployment Assistance through end of 2020
- Gig workers and freelancers

ADDITIONAL BENEFITS

- Federal tax filing and payment deadline moved from April 15, 2020 to July 15, 2020
- Federal student loan payments and interest waived until September 30, 2020

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IMPACT ON YOUR CHURCH

FORGIVABLE LOANS (PAYROLL PROTECTION LOANS)

- Fully guaranteed by the Federal Government
- Administered by the Small Business Administration through your bank
- \$350 billion to provide loans up to \$10 million per organization
- The loans can be for as much as 2.5 times payroll or \$10 million, whichever is less
- Waives typical SBA loan requirement that credit must be unavailable elsewhere
- Waives typical SBA loan requirement that the borrower must personally guarantee the loan or provide collateral

THE CALCULATION:

The sum of average monthly “payroll costs” multiplied by 2.5

ALLOWABLE "PAYROLL COSTS"

- Wages, commissions, salary, or similar compensation to an employee or independent contractor,
- Payment of a cash tip or equivalent,
- Payment for vacation, parental, family, medical or sick leave,
- Allowance for dismissal or separation,
- Payment for group health care benefits, including premiums,
- Payment of any retirement benefits, and
- Payment of state or local tax assessed on the compensation of employees

"PAYROLL COSTS" - WHAT IS NOT INCLUDED?

- The compensation of any individual employee in excess of an annual salary of \$100,000,
- Payroll taxes (FICA/Medicare employer-matching)
- Any compensation of an employee whose principal place of residence is outside the United States, or
- Any qualified sick leave or family medical leave for which a credit is allowed under the new Coronavirus Families First Relief Act

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TERMS

- Maximum maturity: 10 years
- Interest rate cannot exceed 4%

LOAN FORGIVENESS CALCULATION

- The sum of the following payments made by the borrower during the 8-week period beginning on the date of the loan: payroll costs, mortgage interest, rent, certain utility payments
- Borrower must submit to the lender an application that includes documentation verifying the number of employees and pay rates, and cancelled checks showing mortgage, rent, and utility payments
- Key Stipulations:
 - There is a provision that reduces the amount that may be forgiven if the employer either:
 - Reduces its workforce during the 8-week covered period when compared to other periods in either 2019 or 2020, or
 - Reduces the salary or wages paid to an employee who had earned less than \$100,000 in annualized salary by more than 25% during the covered period
 - NOTE: This reduction can be avoided if the employer rehires or increases the employee's pay within the allotted time
- The CARES Act allows an individual to make a cash contribution up to \$300 and deduct the contribution "above the line" when computing adjusted gross income
 - This means the taxpayer will receive this deduction in addition to their standard deduction
- For those who do itemize, the new law temporarily lifts the limits on charitable giving for 2020
 - Cash contributions can be deducted up to 100% of adjusted gross income for 2020 (normally limited to 60%)
 - Excess contributions can be carried over to the next five years
 - Corporate donors will be able to deduct donations totaling 25% of adjusted taxable income (normally 10%)

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CALCULATIONS

	Total Amount Paid (For last 12 months)	Average Amount Per Month (Divide by 12)
Wages, commissions, salary, or similar compensation to an employee or independent contractor,		
Payment of a cash tip or equivalent		
Payment for vacation, parental, family, medical or sick leave		
Allowance for dismissal or separation		
Payment for group health care benefits, including premiums		
Payment of any retirement benefits		
Payment of state or local tax assessed on the compensation of employees		
TOTAL		

Multiply the TOTAL "Average Amount Per Month" by 2.5

TOTAL "Average Amount Per Month"	x	2.5	=	Payroll Protection Loan Eligible Amount
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	x	2.5	=	
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LEARN MORE AT COVID.CHURCH/CARE

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NOTE:

This information is provided as general guidance and is believed to be accurate upon its presentation. Please seek additional assistance from your legal, tax, financial, lending, and other competent professionals.

KEY LINKS:

- <https://disasterloan.sba.gov/ela/>
- <https://www.congress.gov/bill/116th-congress/house-bill/748/text>

SOURCES:

- <https://www.npr.org/2020/03/26/821457551/whats-inside-the-senate-s-2-trillion-coronavirus-aid-package>
- <https://www.councilofnonprofits.org/trends-policy-issues/initial-analysis-of-the-coronavirus-aid-relief-and-economic-security-act-cares>
- <https://www.barrons.com/articles/what-the-cares-act-for-coronavirus-will-bring-to-small-businesses-51585255311>
- <https://www.cnbc.com/2020/03/26/small-businesses-get-help-in-coronavirus-relief-bill-but-is-it-enough.html>
- <https://www.forbes.com/sites/anthonymitti/2020/03/25/congress-reaches-agreement-on-a-coronavirus-relief-package-tax-aspects-of-the-cares-act/#73e477405f99>
- <https://www.ed.gov/news/press-releases/delivering-president-trumps-promise-secretary-devos-suspends-federal-student-loan-payments-waives-interest-during-national-emergency>
- <https://www.natlawreview.com/article/paycheck-protection-program-sba-loan-program-expanded-cares-act>