IAVM FACT SHEET FOR ASSISTANCE IN THE CARES ACT:

This CARES Act fact sheet is organized into four sections to help Members determine what assistance they are eligible for under the $2.2 trillion package which was passed by Congress and signed into law by the President in recent days.

Note: Most of this assistance will be coordinated by the Small Business Administration and the U.S. Department of Treasury and the IRS under it. It will take them a few weeks to set up these new programs, but they hope to expedite the required rulemaking process to get them up and running as quickly as possible.

This document is organized in three main sections:

- Small Business Assistance
- Unemployment Insurance
- Tax Relief – Individuals for Business
- State/Local Funding

SMALL BUSINESS ASSISTANCE UNDER THE CARES ACT:

As a starting point, the House Committee on Small Business has compiled a helpful flow chart outlining the relief available for small businesses. In addition, the Senate Committee on Small Business has posted some extremely helpful Q&As on the assistance available and how to apply.

Who Qualifies: Small business, Sole Proprietors (including LLCs), Independent Contractors and Nonprofit 501(c)3, 501(c)19 organizations.

Who Doesn’t Qualify: Government-run organizations, 501(c)6 entities.

Paycheck Protection Program (See Q&A Addendum):

- These entities are eligible to apply for the Small Business Administration’s Paycheck Protection Program. Through this program, a small business or organization can apply to an SBA-approved lender for a loan of up to 250% of your average monthly payroll costs to cover eight weeks of payroll as well as help with other expenses like rent, mortgage payments, and utilities.
• This loan can be forgiven based on maintaining employee and salary levels. For any portion of the loan that is not forgiven, the terms include a maximum term of 10 years, a maximum interest rate of 4 percent.

• Business entities and organizations will be able to apply if they were harmed by COVID-19 between February 15, 2020 and June 30, 2020. To be eligible, small businesses and 501(c)(3) non-profit organizations must have fewer than 500 employees, or more if SBA’s size standards for the non-profit status allows. This program is retroactive to February 15, 2020, in order to help bring workers who may have already been laid off back onto payrolls. Loans are available through June 30, 2020.

• Here is a link to the application form for Paycheck Protection relief on the U.S. Department of Treasury’s website.

**Emergency Economic Injury Grants**

• The CARES Act creates a new SBA Economic Injury Emergency Grant Program. These grants provide an emergency advance of up to $10,000 to small businesses and private non-profits harmed by COVID-19 within three days of applying for an SBA Economic Injury Disaster Loan (EIDL). To access the advance, you must first apply for an EIDL and then request the advance. The advance does not need to be repaid under any circumstance, and may be used to keep employees on payroll, to pay for sick leave, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent and mortgage payments.

• Here is a link to the application on the SBA website to apply for an Emergency Economic Injury Grant.

**6 Months of Debt Relief for Existing and New SBA Borrowers:**

• $17 billion is available for immediate relief to small businesses with non-disaster SBA loans, in particular 7(a), 504, and microloans. Under it, SBA will cover all loan payments on these SBA loans, including principal, interest, and fees, for six months. This relief will also be available to new borrowers who take out loans within six months of the President signing the bill into law.

**UNEMPLOYMENT INSURANCE:**

**How much an Individuals/Families Can Receive:**

• The exact amount through Unemployment depends on the individual’s state and his/her previous earnings. Between now and July 31, an additional $600 will be added to every unemployment compensation check, so no one will receive less than $600 per week.

**Eligibility – Beyond Traditional Unemployment Insurance:**
• The CARES Act temporarily expands unemployment insurance to cover individuals who are not traditionally covered, including the self-employed, gig-workers, independent contractors, and workers with irregular work history. It also expands the list of allowable criteria for claiming unemployment compensation to include many reasons related to the COVID-19 public health emergency. Contact the unemployment office in the state where you worked to determine your eligibility.

• Expanded eligibility for unemployment insurance will be in effect until December 31, 2020. A $600 additional benefit will be added to unemployment compensation received for weeks between when the bill is enacted and July 31, 2020.

Length of Time:
• If an individual exhausts the weeks of unemployment compensation available, that individual is eligible for an additional 13 weeks of benefits. These benefits will be federally funded, but the individual will still receive them through the state he/she lives in.

• The CARES Act includes incentives for states to waive the waiting week between applying for unemployment compensation and receiving it. Individuals should contact the unemployment office in the state where they worked to determine whether there will be a waiting week.

How to file for unemployment insurance:
• Apply for unemployment compensation through the unemployment office in the state where the individual worked. In most states, they can apply online.

TAX RELIEF:

Deadlines:
• The 2019 tax filing due date has been extended to July 15. The income tax return due date for calendar year corporations has also been extended to July 15. Tax returns and any income taxes owed will not be due until July 15.

• Employers can defer paying the employer portion of certain payroll taxes through the end of 2020, with all 2020 deferred amounts due in two equal installments, one at the end of 2021, the other at the end of 2022. Deferral is not provided to employers that avail themselves of SBA 7(a) loans designated for payroll.

Small Business:
• Refundable tax credits are available for private-sector employers who are required to offer coronavirus related paid leave to employees. IRS will be posting information soon on these credits on its website’s designated page on coronavirus assistance,
https://www.irs.gov/coronavirus including information on how to obtain advance payment of these credits.

- The employer side of certain payroll taxes are deferred through the end of 2020. Deferred taxes will not become due until end of 2021 and end of 2022, with 50% of the liability being paid at each date. Any business that does not have a loan forgiven under the new SBA Paycheck Protection Program is eligible for the payroll tax deferral.

- An employee retention tax credit is available for struggling businesses that are not eligible or choose not to participate in the new SBA Paycheck Protection Program. Any business that has been forced to fully or partially suspend operations, or that has seen a significant drop in revenues is eligible for a 50-percent credit for wages paid to furloughed or reduced-hour employees. For businesses with 100 employees or less, the credit is based on all wages paid, regardless of whether an employee is furloughed. There is an overall limit on wages per employee of $10,000. The credit can be claimed against the business’s quarterly payroll tax liability and is fully refundable to the extent of excess. There will also be options to receive advance payments. Small business owners should lookout for information at IRS.gov and talk to their payroll service provider, as applicable.

**Independent Contractors:**

- Refundable tax credits are available for independent contractors who would have qualified for coronavirus related paid leave if they were employees. IRS will be posting information soon on these credits at https://www.irs.gov/coronavirus, including information on how to claim these credits.

- 50 percent of certain self-employment taxes are deferred through the end of 2020. Deferred taxes will not become due until end of 2021 and end of 2022, with 50% of the liability being paid at each date.

**Individuals:**

- Anyone who filed a tax return this year or last year will receive a rebate of $1,200 for individuals, $2,400 for married couples, and $500 for child dependents (under 17).

- There is no qualified income threshold or requirement to receive the rebate. However, the rebate phases out at a 5 percent rate above adjusted gross incomes of $75,000 for single filers, $112,500 for heads of household, and $150,000 for joint filers.

- The IRS will send these payments automatically to individuals’ direct deposit or to the address provided on the last tax return submitted. Direct deposit will take a few weeks, mailed checks up to a few months.

- Rebates are not taxable.
STATE/LOCAL FUNDING (CORONA VIRUS RELIEF FUND):

- In total, states and municipalities will receive $150 billion. Reserved within that amount is $8 billion for Indian Tribes and $3 billion for DC and U.S. Territories.

- **Use of the Funding:** This funding can be applied to expenditures incurred March through December 2020, due to the COVID-19 public health emergency or state and local expenditures not accounted for in the most recent approved budget.

- Funds are allocated proportionally based on state population. No state that is one of the 50 states will receive less than $1.25 billion. Treasury will automatically award each state its share within 30 days. Localities with more than 500,000 people can apply directly to Treasury for their relative share by population (compared to the state’s total population) of 45 percent of the total allocated to a state.