THE CARES ACT KEY COMPONENTS

INDIVIDUAL ASSISTANCE

Recovery Rebates

- Provides all U.S. residents with an adjusted gross income of $75,000 or less $1,200 for singles and heads of households ($2,400 for married couples filing joints returns).
- The rebate is phased out by $5 for every $100 over $75,000 that an individual receives, and phased-out completely for incomes exceeding $99,000 (single), $146,000 (head of household with one child) or $198,000 (joint with no children).
- Those with children are eligible to receive an additional $500 per child.
- Those with no income, or income that comes from non-taxable benefits such as SSI, are still eligible for the rebate.
- Checks will be sent to the address or bank account used on 2018 or 2019 tax returns. No action will be required for most eligible recipients.

Unemployment Compensation

- Expands eligibility to include self-employed individuals and independent contractors.
- Expands eligibility to 39 weeks (through the end of 2020).
- Increases the maximum amount available by $600 per week.
- Allows for individuals who quit their jobs due to coronavirus related concerns to be eligible for unemployment assistance.

RETIREMENT ASSISTANCE

Required Minimum Distributions

- RMDs for 2020 are waived completely for IRAs and DC plans. They do not need to be made up next year.
- We are waiting for IRS guidance related to putting distributions already taken back. It was allowed in 2009.

Plan Withdrawals

- Waives the 10% penalty tax on early withdrawals up to $100,000 for coronavirus related hardship distributions.
- Exempts coronavirus related distributions from the 402(f) notice requirements and mandatory 20% withholding applicable to eligible rollover distributions.
- Permits the individual to recontribute the coronavirus related distribution within three years.
- Coronavirus related distributions are distributions made during 2020 to an individual who is diagnosed with COVID-19, who has a spouse or dependent diagnosed with COVID-19 or who experiences financial consequences as a result of COVID-19.

SMALL BUSINESS ASSISTANCE

Paycheck Protection Program

- A new, $349 billion lending program administered by the SBA for small businesses, nonprofits, independent contractors, sole proprietors and self-employed individuals
- Loans are fully guaranteed and 250% of an average monthly payroll from Feb. 15 – June 30, 2019. There is a $10 million cap on loans.
- Eligible uses include employee compensation, compensation of an independent contractor or sole proprietor no greater than $100,000 in one year, rent or utility payments or a mortgage interest payment.

Employee Retention Credit

- A refundable payroll tax credit equal to 50% of employee wages paid by certain employers during the coronavirus crisis, up to $10,000 in wages.
- Employers are eligible for the tax credit if their operations were affected by government order limiting commerce, travel or group meetings due to coronavirus or whose quarterly receipts are less than 50% for the same quarter in the prior year.
- Wages paid to employees during which they are furloughed or have reduced hours are eligible.
- *Businesses receiving a loan through PPP are not eligible*

Delay of Payment of Employment Payroll Taxes

- Employers and self-employed individuals can defer the payment of their portion of social security tax
- The taxes must be paid over the following two years, with half due before December 31, 2021 and the other half by December 31, 2021.
- *Businesses receiving a loan through PPP are not eligible for this deferral*

Excess Business Losses

- Pass through corporations and sole proprietors are able to deduct more business losses on their taxes, freeing up cash for immediate expenses.
- The cap, first imposed in the Tax Cuts & Jobs Act, will be effective after December 31, 2020.

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