

“Coronavirus Aid, Relief, and Economic Security Act” or the “CARES Act”

Summary

Distressed Sectors of Economy - \$150 Billion

- Established an exchange stabilization fund to provide \$150B in collateralized loans and loan guarantees to industries affected by COVID-19, **including Hotels**.
 - No entity receiving assistance can increase compensation for or provide “golden parachutes” to executives for two years.
 - An entity is only eligible for relief if the Treasury Secretary determines its continued operations are jeopardized as a result of losses stemming directly from the Coronavirus (COVID-19) outbreak.
- Where applicable, allows the government to get an equity stake for the risk assumed in making loans and loan guarantees to the entity.

Small Business Loans - \$300 Billion

- Allows small businesses, private nonprofits, and public nonprofits to receive SBA 7(a) loans through the end of 2020.
 - Increased maximum loan amount from \$5 Million to \$10 Million.
- For these new loans, all loan fees are waived, borrowers can defer repayment for up to 12 months, and there are no penalties for prepayment through the end of the year.
- Loans can be used for long-term or short-term working capital; for refinancing; or to cover recurring obligations (including employee salaries, paid leave and group health care benefits, mortgage payments, rent, utilities, and other debt obligations).
- Eligible recipients are those that were operational as of March 1, 2020 and have **fewer than 500 employees** for which the recipient pays payroll taxes.
- Borrowers can get tax-free debt forgiveness for the portion of the loan used to maintain payroll (not including the cost of any paid leave for which a tax credit is allowed) and pay debt obligations between March 1st and June 30th, 2020, conditional upon them retaining employment and wage levels for employees making less than \$33,333 over that period (or less than \$100,000 last year).
- Businesses with tipped employees can get debt forgiveness on any additional wages paid to those employees between March 1st and June 30th, 2020.
- **SBA Express Loans:** Increases the maximum loan amount for an SBA Express loan from \$350,000 to \$1 Million. These loans currently have a much faster approval process through SBA and provide borrowers with revolving lines of credit for working capital purposes.

Relief for Individuals, Families and Businesses

- **Individuals**
 - Recovery checks up to \$500 per child, \$1,200 per individual and \$2,400 for family. Checks go down if a taxpayer’s gross income for 2018 was \$75,000 or \$150,000 for joint filers. Amount completely phased out for individuals whose income exceeds \$99,000 or \$198,000 for joint filers.
 - Extends Tax filing date from April 15th to July 15th.
- **Business Provisions**
 - Delay of estimated tax payments for corporations until October 15, 2020.
 - Defers Social Security Tax payment; half paid on Dec 31, 2021 and other half on Dec 31, 2022.
 - 5 year carry back for Net Operating Losses.
 - Increase business expensing from 30% limitation to 50% of taxable income for 2019 and 2020. Qualified Improvement Property Fix – allows for immediate expensing for qualified improvements to property.

Labor

- Creates a limitation stating an employer shall not be required to pay more than \$200 per day and \$10,000 in the aggregate for each employee on paid family and medical leave.
- Creates a limitation stating an employer shall not be required to pay more than \$511 per day and \$5,110 in the aggregate for paid sick leave or more than \$200 per day and \$2,000 in the aggregate to care for a quarantined individual or child for each employee.
- Expands the authority for the Secretary of Labor to regulate to exempt small businesses with fewer than 50 employees from paid leave provisions.
- Allows the Director of the Office of Management and Budget to exclude for good cause certain Executive Branch employees from the Paid Family Leave mandate.
- Allows the Director of the Office of Management and Budget to exclude for good cause certain Executive Branch employees from the Paid Sick Leave mandate.