



Coronavirus Aid, Relief and Economic Security (CARES) Act

In response to the current economic conditions and pandemic, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was unanimously passed by the Senate on Wednesday, March 25 and by the House on Friday, March 27. It is expected to be signed into law by President Trump shortly. This legislation builds upon the Families First Coronavirus Response Act that was put into place last week and provides considerable rebates and tax provisions in excess of \$2 trillion in aid.

Key components of the CARES Act include:

Businesses

- Small Business Loans: \$350 billion in Paycheck Protection Loans are available via the Small Business Administration for companies with 500 or less employees for the designated period of February 15, 2020 through June 30, 2020. Lender and borrower fees are waived and through the remainder of 2020 will be increased to 100%. The use of these loans is intended for maintaining payroll, retaining workers and/or to make rent, mortgage and utility payments.
- Grants for Small Businesses: Grants are available for eligible small businesses to offer certain education, advising and training programs to their employees.
- Delay of Payroll Tax: 50% of the employer 6.2% social security taxes for the period from the date of enactment through December 31, 2020 can be delayed until December 31, 2021, while the other 50% is due December 31, 2022. This also applies for those who are self-employed.
- Employee Retention Credits: Eligible employers who have been adversely affected by the coronavirus are given a credit against employment taxes equal to 50% of qualified wages for each of their employees, up to \$10,000 in wages. In order to qualify, employers must have been operating in 2020 and have had operations suspended or seen a significant decline in gross receipts due to the coronavirus pandemic.
- Net Operating Loss Change: The 80% income limitation for net operating loss deductions has been temporarily repealed for years prior to 2021. A five-year carryback is permitted for losses in 2018, 2019 and 2020 (taxpayers can choose to forgo this carryback and carry the loss forward).

- Health Plan Changes: High-Deductible Health Plan (HDHP) rules have been updated to include the coverage of remote care services such as telehealth without a deductible charge.
- Excess Loss Limitations: Temporary repeal of Section 461(l) limitation on excess business losses for sole proprietors and pass-through entities for tax years 2018-2020.

Individuals

- Recovery Rebates: Individuals who qualify will receive a direct cash payment of up to \$1,200, \$2,400 for joint filers who are married, in addition to \$500 for each dependent child. This rebate does not apply to individuals who make above \$99,000 and married joint filers who make more than \$198,000.
- Retirement Fund Provisions: 10% early withdrawal penalties are being waived for up to \$100,000 in distributions related to coronavirus through December 31, 2020. The bill allows income inclusion over a three-year span, and distributions related to the pandemic may be repaid within three years.
- Charitable Deductions: An above-the-line charitable deduction of up to \$300 has been created, the previous limitations on deductions for charitable contributions has been raised for both corporations and individuals who itemize their deductions (up to 100% of AGI for individuals and an increase from 10% to 25% for corporations).
- Unemployment Benefits: 13 additional weeks of unemployment benefits are provided through December 31, 2020. In addition, a \$600 supplementary payment is provided to each unemployment recipient for up to three months.

Learn More

For more information, please contact your [BT advisor](#) or call our office at [770.396.2200](tel:770.396.2200).