

On March 27, 2020, the President signed the Coronavirus Aid, Relief and Economic Security (CARES) Act. This is the third piece of federal legislation enacted in response to the COVID-19 outbreak, and the \$2.2 trillion relief package is designed to provide direct relief to unemployed individuals, businesses, federal/state/local government response and special provisions to support the health care industry during the pandemic.

CARES Act Overview

Individual Relief

Expanded eligibility for Unemployment Benefits: The CARES Act provides benefits to individuals who are not eligible for regular unemployment compensation or have already exhausted their benefits, including independent contractors and self-employed persons. Covered individuals under this portion of the Act are people “otherwise able to work and available for work,” except they are unemployed, partially unemployed or unable or unavailable to work for a range of reasons related to coronavirus (COVID-19) including:

- they have been diagnosed with COVID-19;
- a member of their household has been diagnosed with COVID-19;
- they are providing care for a family or household member who has been diagnosed with COVID-19;
- they have a child or household member for whom they have primary caregiving responsibility, who cannot attend school or another facility that is closed as a direct result of COVID-19, and the child's or household member's attendance at such school or facility is required for them to work;
- they cannot reach their place of employment because of a quarantine imposed as a direct result of COVID-19;
- they cannot reach their place of employment because they have been advised by a health care provider to self-quarantine due to COVID-19;
- they were scheduled to start employment and do not currently have a job, or they are unable to reach the job as a direct result of COVID-19;
- they have become the major source of support for a household because the head of the household has died as a direct result of COVID-19;
- they had to quit their job as a direct result of COVID-19;
- their place of employment is closed as a direct result of COVID-19;
- or they meet any additional criteria established by the Secretary of Labor for assistance.

Covered individuals will be eligible for up to 39 weeks of benefits for periods of unemployment beginning on or after January 27, 2020 and ending on or before December 31, 2020. Individuals able tele-work or who are receiving paid sick leave or other paid benefits including expanded benefits under the Families First Coronavirus Response Act (FFCRA) are not eligible for unemployment benefits under this section of the CARES Act. For more information, please reference the U.S. Department of Labor's [website](#).

Increased Unemployment Benefits: The Act will provide an additional \$600 per week to individuals currently collecting unemployment through July 31, 2020. The Act also provides an additional 13 weeks of benefits to individuals who have exhausted their benefits up to a maximum of 39 weeks of unemployment benefits. For more information, please reference the U.S. Department of Labor's [website](#).

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Housing Assistance

Forbearance: Single family home loan borrowers with federally-backed mortgage loans may request loan forbearance for up to one year. Applicable mortgages include those purchased by Fannie Mae and Freddie Mac or insured by HUD, the VA or USDA. Multifamily home loan borrowers may request up to 90-days of loan forbearance if they have a federally-backed mortgage loan.

Protection from evictions and foreclosures: The Act also provides that servicers of federally-backed mortgage loans cannot begin foreclosure proceedings or foreclosure-related evictions for at least 60-days beginning on March 18, 2020. For more information on these programs, please reference the U.S. Department of Housing and Urban Development's [website](#).

Tax Relief

Tax Credits for Individuals: Individuals may be eligible for a tax credit for the 2020 tax year, which will be issued as a rebate check. Eligibility for this tax credit will be based on the individual's 2019 tax return.

- Individuals reporting less than \$75,000 adjusted gross income (AGI) may be eligible to receive \$1,200, or \$2,400 for joint filers, plus an additional \$500 for each child.
- Individuals reporting between \$75,000 and \$99,000 AGI, or joint filers reporting between \$150,000 and \$198,000, will see their tax credit reduced by \$5 for each \$100 above the \$75,000/\$150,000 thresholds.
- No tax credit is available to individuals reporting an AGI of over \$99,000 or \$198,000 for joint filers.
- For more information, please reference the IRS' [FAQ on Economic Impact Payments](#).

Charitable Deductions: Individuals who typically do not itemize deductions may be eligible for up to a \$300 deduction in the 2020 tax year for contributions made to certain charitable organizations.

Penalty-Free Withdrawals from Qualified Retirement Plans: The Act relaxes the rules on hardship distributions from retirement accounts allowing people impacted by COVID-19 to withdraw up to \$100,000 without the standard 10% penalty.

Waiver of Required Minimum Distributions (RMDs): The Act allows retirees to suspend their 2020 RMDs normally required to be taken from tax-deferred 401(k) plans and individual retirement accounts.

Student Loan Relief: Some federal student loans will be placed in administrative forbearance allowing borrowers to temporarily stop making payments without accruing interest. For more information, please reference the U.S. Department of Education's [website](#).

Business Relief

Paycheck Protection Program: This program, administered by the Small Business administration, provides low-interest loans to small businesses to retain workers at current salaries, continue benefits and pay other operating expenses. These loans are generally available to businesses and non-profits with fewer than 500 employees, and are federally-guaranteed, a portion of which may be forgiven if the funds are used to continue payroll and benefits.

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- Borrowers must spend at least 75% of their loans on payroll costs, including benefits, to qualify for loan forgiveness.
- Payroll costs are capped at \$100,000 per employee on an annualized basis.
- Employer size will depend on the SBA's affiliation rules.
- Eligible businesses can borrow up to two months of their average monthly payroll costs. The loan's interest rate is lower than other SBA loans, requires no payments for the first six months and if certain criteria is met, the loan may be forgiven.

Economic Injury Disaster Loan Emergency Advance: Under this program, small businesses may apply for a loan advance of up to \$10,000 to overcome the temporary loss of revenue as the result of the COVID-19 pandemic. The loan advance does not have to be repaid.

Additional information on the Paycheck Protection Program and the Economic Injury Disaster Loan Emergency Advance can be found on the U.S. Small Business Administration's [website](#) and the U.S. Treasury Department's [website](#).

Support for Airlines: Direct support is available to airlines to continue to pay and provide benefits to employees.

Federal Loans, Guarantees and Tax Credits: This support is available to help large businesses retain employees.

For more information on the business support provisions in the CARES Act, please reference the U.S. Treasury Department's [website](#).

Federal, State and Local Government Support

Additional Emergency Funds: The Act makes additional emergency unemployment funds available to the states from the federal funds, as well as additional funding to support emergency food assistance, school meals and childcare.

Expedited Release of Funds: The Act allows for expedited release of funds authorized under the Act from federal agencies to the states.

Health Care Support

The Act:

- Allocates federal funds to hospitals and health care providers to help offset expenses related to COVID-19 treatment and lost revenue.
- Increases Medicaid reimbursements for COVID-19 related treatment by 20%.
- Accelerates Medicare payments to critical-access hospitals and relaxes certain Medicare requirements for post-acute care providers.
- Expands tele-health options by allowing an expansion of the "qualified provider" definition under HHS guidelines and allowing rural health clinics to provide tele-health services to Medicare patients.
- Expands coverage for COVID-19 testing.

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- For additional information, please reference the Centers for Medicare and Medicaid Services [website](#) and the U.S. Department of Health and Human Services' [website](#).

Families First Coronavirus Response Act (FFCRA) Clarifications

While the CARES Act primarily focuses on business loans and support for unemployment programs, there are provisions that clarify the emergency FMLA and sick leave provisions contained the FFCRA.

Limitation on paid emergency FMLA leave: Under the emergency FMLA provisions in the FFCRA, employees of businesses with fewer than 500 employees are eligible for 12-weeks of family leave if they are unable to work because of a son or daughter's school closure or childcare provider closure. The first 10 days of emergency FMLA leave are unpaid, while the remainder of the leave is paid. The CARES Act reiterates that an employer is only obligated to pay employees up to a maximum of \$200 per day and a maximum of \$10,000 in the aggregate per employee.

Emergency Paid Leave Act Limitation: Under the Emergency Paid Sick Leave provisions in the FFCRA, employees of businesses with fewer than 500 employees are eligible for up to 80 hours of paid sick leave. The CARES Act restates that an employer is only required to pay employees up to a maximum of \$511 per day and a maximum of \$5,110 in the aggregate per employee for paid sick leave, and if an employee is taking care of a child or a quarantined individual, there is a maximum of \$200 per day and a maximum of \$2,000 in the aggregate per employee.

Paid Leave for Rehired Employees: Employees terminated on or after March 1, 2020 and subsequently rehired by the same employer are eligible to use emergency FMLA leave if they worked for the employer for 30 of the last 60 calendar days prior to their termination.

Advance Refunding of Credits: The CARES Act allows the advance of refundable tax credits granted under the FFCRA. The IRS is expected to release guidance on this issue and other tax implications for employers under the FFCRA shortly.