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REPUBLICAN WHIP

H.R. 748 – *Coronavirus Aid, Relief, and Economic Security (CARES) Act* Summary

Click here to read the CARES Act

Information for Individuals and Families

Direct Relief Payments

- Provides refundable tax credits equal to $1,200 per individual or $2,400 for couples filing joint tax returns. An additional $500 is provided for each qualifying child under age 17.
    - An individual who is claimed as a dependent on another taxpayer's tax return is not eligible to receive the $1,200 refund check.
- The credit is reduced by $5 for each $100 of your adjusted gross income that exceeds $150,000 for joint tax returns, $112,500 for heads of household, and $75,000 for single filers. The rebate completely phases out for incomes exceeding $198,000 for joint filers, $146,500 for heads of household, and $99,000 for single filers.
- The rebate credit is based on 2019 taxes, or 2018 taxes for individuals who haven't filed for 2019.
- Social Security beneficiaries and individuals receiving welfare benefits, like Supplemental Security Income, will also receive the rebate based on SSA-1099 and RRB-1099 statements.
- Payments will be made through December 31, 2020, and delivered through direct deposit to the accounts previously authorized by a taxpayer or beneficiary.
- There is no income or tax liability requirement, but a Social Security number is required to claim the credit.

Charitable Contributions

- Creates a $300 above-the-line individual charitable deduction for individuals who don't itemize their returns for tax years beginning in 2020.
- For individuals that do itemize, the measure suspends limits on 2020 charitable contributions, allowing contributions to be deducted up to 100% of adjusted gross income.
- Increases the corporate charitable deduction limit in 2020 to 25% of taxable income, from 10%. A deduction for food inventory contributions would be increased to 25%, from 15%.

Mortgage Payments, Foreclosures & Evictions

- Allows borrowers with a federally backed mortgage – including those that are insured by the Federal Housing Administration, guaranteed by the Veterans Affairs Department, or purchased by Fannie Mae and Freddie Mac – to suspend their mortgage payments for 180

days if they're experiencing financial hardship due to Covid-19. Borrowers will not accrue interest or fees during that period.
- Prohibits foreclosures on homes with federally backed mortgages for 60 days beginning on March 18, 2020.
- Provides up to 90 days of loan forbearance for multifamily borrowers with a federally backed mortgage. Landlords cannot evict tenants or charge fees during the forbearance period.
- Suspends evictions for renters in properties with federally backed mortgages for 120 days.

Pandemic Unemployment Assistance:

- Provides an additional $600 per week in "federal pandemic unemployment compensation" to individuals receiving unemployment benefits. The extra payment would remain available through July 31, 2020.
- Allows individuals affected by the coronavirus to receive Pandemic Unemployment Assistance for as long as 39 weeks.
- Provides funding to reimburse nonprofits and government entities that are not part of the state unemployment system for 50% of the costs they incur through December 31, 2020 to pay unemployment benefits. Self-employed and independent contractors, like gig workers, are eligible for Pandemic Unemployment Assistance. Furloughed workers can receive unemployment benefits, and part-time workers are eligible for partial benefits.
- Allows employees that have had their hours reduced to enroll in a short-time compensation programs which provide a pro-rated unemployment benefit. States will receive federal funding for 50% of the costs they incure in providing short-time compensation through December 31, 2020.
- Allows individuals directly affected by the coronavirus or subject to COVID-related closures to receive Pandemic Unemployment Assistance for as long as 39 weeks, subject to state and federal regulations.

Retirement Plans

- Individuals can withdraw as much as $100,000 from their retirement accounts in 2020 without being subject to a 10% penalty. Funds will be treated as a tax-exempt rollover contribution if repaid in the next three years. If funds aren't repaid, they would be taxed as income over three years.
- Waives the mandatory minimum distribution rules for contribution plans and IRAs in 2020.

Information for Businesses

Emergency Relief

- Provides $500 billion to the Treasury Department's Exchange Stabilization Fund to offer loans, loan guarantees, and other investments to businesses, states, and municipalities in 2020. This funding includes:
    - $425 billion for loans, loan guarantees and investments in support of Federal Reserve lending facilities established to provide liquidity to eligible businesses, states and municipalities.

- Direct lending to the following industries: $50 billion for passenger airlines, $8 billion for cargo airlines, and $17 billion for businesses critical to "maintaining national security."

7(a) Loans – Paycheck Protection Program

- Establishes a new Paycheck Protection Program (PPP) to let small businesses, qualifying nonprofits, and individuals seek loans through the Small Business Administration's 7(a) loan program.
- The program will provide $349 billion for 100 percent federally guaranteed loans from February 15, 2020 through June 30, 2020. All borrower and lender fees will be waived.
- Delegated authority will be granted to SBA certified lenders to process, close, and service a PPP loan. The Treasury will be adding new lenders to the program to increase speed and turnaround of loans.
- Applicants are eligible to apply for a PPP loan until June 30, 2020.
- Loans will be made available for small businesses with 500 or less employees, or for businesses within an industry that has an employee-based size standard through SBA that is higher than 500.
    - This eligibility includes 501(c)(3) nonprofits, veterans' groups, tribal businesses, and hotel and food service chains with no more than 500 employees per location.
- Sole proprietors, independent contractors, and other self-employed individuals are also eligible, provided the following documentation is submitted:
    - Payroll tax filing reported to the IRS.
    - Forms 1099-MISC.
    - Income and expenses from the sole proprietorship.
- Eligible recipients can receive loans for as much as $10 million or 250% of their average monthly payroll costs. Interest rates during the covered period would be capped at 4%.
- The average monthly payroll costs shall be based off the one year average for 2019. For businesses not in operation during 2019, the average monthly payroll costs shall be based off the period beginning January 1, 2020 and ending on February 29, 2020.
- For sole proprietors, independent contractors and other self-employed individuals, payroll cost is defined as:
    - "the sum of any payments of compensation to or income of a sole proprietor or independent contractor that is a wage, commission, income, net earnings from self-employment, or similar compensation that is not more than $100,000 in one year, as pro-rated for the covered period."
- Recipients can use the loans to cover eligible payroll costs – including salaries, commissions, regular paid leave, and health-care benefits – as well as rent, mortgage interest, and utility payments. They'd have to make a "good faith certification" that they'll use the funds to retain workers, maintain payroll, and pay for rent and similar expenses.
- For a top-line overview of the program CLICK HERE
- If you're a lender, more information can be found HERE
- If you're a borrower, more information can be found HERE
- Final Borrower Application Form
- Lender Electronic Data Form
- Paycheck Protection Program – Interim Final Rule

Loan Forgiveness

- Recipients of SBA-guaranteed loans under the PPP can apply for loan forgiveness for eight weeks of eligible payroll costs and for mortgage interest, rent, and utility payments.
- Loan forgiveness would be reduced for businesses that fire employees or cut their pay. Businesses could receive additional forgiveness for wages paid to tipped employees.
- For businesses that lay off employees during the covered period, the forgiveness will be reduced by the percentage decrease in the number of employees. Additionally, if your total payroll for workers making less than $100,000 annually decreases by more than 25 percent, forgiveness will be reduced by an equal amount.
- For businesses that already laid off employees before the covered period, the full amount of the loan can still be forgiven if you rehire the employees by June 30, 2020.

Disaster Assistance – Economic Injury Disaster Loan (EIDL) Program

- Provides $10 billion to expand the SBA's disaster loan program from January 31, 2020 through December 31, 2020, to cover businesses, cooperatives, employee stock ownership plans, and tribal businesses with 500 or fewer employees, as well as sole proprietors and independent contractors.
- Provides low interest loans of up to $2 million that can be used for expenses that could have been met had the disaster not occurred, including payroll and other operating expenses.
- If you have a received a PPP loan, you may still apply for EIDL if used for a different purpose than PPP loan.
- If you ultimately receive a PPP loan or refinance an EIDL into a PPP loan, any advance amount received under the Emergency Economic Injury Grant Program would be subtracted from the amount forgiven in the PPP.
- Provides for an Emergency Grant advance of up to $10,000 to an eligible entity who has applied for an EIDL loan due to COVID-19, which the SBA must distribute within 3 days. Applicants will not be required to repay the advance payment.

Payroll Tax Deferral

- Allows employers to defer payroll and railroad retirement tax payments through the end of 2020. Deferred funds would be paid over two years in 2021 and 2022.
- Deferral wouldn't apply to employers with small business loan debt forgiven under the bill.

Employee Retention Credit

- Establishes a refundable payroll tax credit for 50% of wages paid by employers to employees during the COVID-19 crisis. The credit is available to employers whose (1) operations were fully or partially suspended, due to a COVID-19-related shut-down order, or (2) gross receipts declined by more than 50% when compared to the same quarter in the prior year.

Information for State and Local Governments

Coronavirus Relief Fund

- Provides $150 billion to States, Tribes, and localities to offset lost revenue as a result of COVID-19.
- Funding is allocated among the states based on their population, subtracting any amounts paid to local governments.
- Funds must be allocated within 30 days after March 27, 2020.
- Only local governments with populations over 500,000, per the most recent year of Bureau of Census data, may apply for funding directly with the Treasury.
- Local governments with populations under 500,000 must work with their states to receive funding.

Community Development Block Grant Funding

- Provides $5 billion for HUD Community Development Block Grants to support local non-profits and needs at the community level.
- Funding will be allocated by formula to the grantees that receive ordinary CDBG funds, and in the same proportion.
- States will receive a non-entitlement portion of CDBG funding to account for cities and counties that do not receive funds through the formula.

Information for Hospitals

Funding for Hospitals

- Provides $100 billion to the Public Health and Social Services Emergency Fund to reimburse hospitals and providers, through grants or other mechanisms, for expenses or lost revenues due to COVID-19.
- Eligible expenses include construction of temporary structures, leasing of properties, medical supplies and equipment such as personal protective equipment and testing supplies, increased workforce and trainings, emergency operation centers, retrofitting facilities, and surge capacity.
- To be eligible for a payment, a health care provider shall:
    - Have a valid tax identification number;
    - Submit to the Secretary of Health and Human Services an application that includes a statement justifying the need of the provider for the payment; and
    - Submit reports and maintain documentation as the Secretary determines are needed to ensure compliance.
- Provides more than $27 billion to the Public Health and Social Services Emergency Fund for developing and purchasing vaccines, therapeutics, diagnostics, and necessary medical supplies – including Personal Protective Equipment (PPE), improving U.S.-based manufacturing capabilities, improving medical surge capacity, addressing the blood supply chain, and enhancing telehealth access and infrastructure.

Information for Students

Student Loans

- Allows an employer to contribute up to $5,250 in tax-exempt payments towards an employee's student loan debt before January 1, 2021.
- Suspends student loan payments and interest accrual with no penalties through September 30, 2020, which would cover six months for most borrowers.
- Waives a student's obligation to repay Pell Grants and other student loans for the payment periods in which the student was forced to withdraw from school due to COVID-19.

Work-Study

- Allows institutions to issue work-study payments to students who are unable to work due to work-place closures.