

# Cares Act Summary

April 8, 2020

The CARES Act (Coronavirus Aid, Relief, and Economic Security Act) was signed into law on Friday March 29, 2020 by President Trump. The Act aims to bring economic relief to individuals and businesses impacted by the coronavirus, or COVID 19. We are providing a summary of the main provisions in the bill that relates to individuals and small businesses to help you understand and access relief that might be available to you in these trying times.

While we try to cover the most relevant provisions, the bill is almost 900 pages long, so not everything is captured in our summary. Please reach out to us if you have questions or clarifications on any of the provisions. We are still trying to wrap our head around all the provisions but will answer your questions as best as we can.

## Relief for Individuals

### Direct Payments

1. Direct payments of \$1,200 per adult and \$500 per minor child
2. Available to U.S. residents with a valid social security number and adjusted gross income of \$75,000 or less (\$112,000 for head of household and \$150,000 for married filing jointly)
3. Reduced by \$5 for each \$100 of income exceeding the thresholds and completely phased out for income above \$99,000 (\$145,500 for head of household and \$198,000 for married filers)

### Unemployment Benefits

1. Expands unemployment benefits by 13 weeks
2. Benefits increased by \$600 per week for four months
3. Self-employed individuals, freelancers, contractors, gig economy workers now eligible for unemployment benefits

### Paid Sick Leave

Employees of small- and mid-sized businesses (those with 500 or fewer employees) are entitled to 80 hours of paid sick leave at 100% of compensation (maximum \$500 per day).

## **Paid Family Leave**

Employees of small- and mid-sized businesses are entitled to 12 weeks of paid family leave at two-thirds of regular pay, up to \$200 per day.

The Act provides relief to businesses whose employees take sick- or family leave.

## **Tax Returns**

1. Tax return filing deadline and payments extended to July 15, 2020
2. Individuals may defer up to \$1 million of income tax payments usually due April 15

## **Retirement Accounts**

1. Contributions can be made up to July 15, 2020
2. Withdrawals up to \$100,000 from retirement accounts without penalty for COVID-19-related matters
3. Can report the distribution evenly over 2020, 2021 and 2022
4. Not taxable if repaid within three years
5. Maximum loan increased to \$100,000 from \$50,000
6. Loan repayments due between enactment date and December 31, 2020 can be delayed for a year
7. Required Minimum Distributions for 2020 are not required

## **Student Loans**

1. Employers can provide up to \$5,250 in tax-free student loan repayment benefits to their employees
2. Borrowers with federal student loans can defer payments without penalty until September 30, 2020
3. Garnishments have been suspended

## **Medicare and Medicaid**

1. COVID-19 lab tests (with no out of pocket costs)
2. Medically necessary hospitalizations

## **Relief for Small Businesses**

### **Emergency Grants**

Up to \$10,000 to cover operating expenses. Application made through Small Business Administration (SBA).

### **Loan Forgiveness**

PPP loans of up to \$10 million per business can be forgiven if used to pay salaries, paid sick leave, rent, mortgage, existing debt, insurance premiums. Workers must stay employed through the end of June.

### **Loan Relief**

Six months of payments of principal, interest and fees on existing SBA loans.

### **Payroll Tax Relief**

Refundable credits for providing coronavirus-related paid sick leave to employees.