



## Summary of Small Business Relief in COVID-19 Legislation

### For Companies:

- I. **Paycheck Protection Program<sup>1</sup>**
  - a. Cash flow assistance to small business with 500 employees or fewer from the SBA
  - b. Low interest loans equivalent to 2.5x average monthly payroll costs or \$10 million, whichever is less.
  - c. Meant to cover payroll costs, paid sick leave, supply-chain disruptions, employee salaries, health-insurance premiums, and mortgage payments.
  - d. **If the employers maintain their payrolls until June, the portion of the loans used for payroll costs, interest on mortgage obligations, rent, and utilities would be forgiven (i.e. the loan becomes a grant).**
  - e. Reduction in headcount proportionately reduces the amount of loan forgiveness.
  - f. A similar program is available for companies with more than 500 employees through the Federal Reserve.
  
- II. **Employee retention credit<sup>2</sup>**
  - a. Refundable credit against payroll taxes (employer 6.2% OASDI).
  - b. Credit amount of 50% of up to \$10,000 in wages paid per employee (maximum credit \$5,000 per employee)
  - c. Applies to companies affected by COVID-19 shutdowns or 50% reduction in revenues from same calendar quarter in the prior year.
  
- III. **Delay of payment of employer payroll taxes<sup>3</sup>**
  - a. Allows employers (and self-employed individuals) to defer payment of the 6.2 percent employer-side Social Security payroll tax, effective for wages paid between the date of enactment and December 31, 2020.
  - b. Payment ultimately would be due in equal parts on December 31, 2021, and December 31, 2022.
  
- IV. **Net Operating Loss (NOL) carryback rules reinstated and expanded**
  - a. NOLs from tax years 2018, 2019, 2020 can be carried back 5 years to claim refunds from taxable years

---

<sup>1</sup> Coronavirus Aid, Relief, and Economic Security (CARES) Act

<sup>2</sup> Id.

<sup>3</sup> Id.

- V. Due date for Federal income tax returns and payments due April 15, 2020 automatically postponed to July 15, 2020.<sup>4</sup>**

**For Employees:**

- VI. Recovery Rebates for individuals<sup>5</sup>**
- a. Direct cash relief of \$1,200 for single taxpayers and \$2,400 for joint filers, increased by \$500 for every qualifying child.**
  - b. Reduced for taxpayers with adjusted gross income above \$75,000 (single-filers) and \$150,000 (joint filers); phased-out completely above \$99,000 (single filers) and \$198,000 (joint filers).
- VII. Expansion of unemployment benefits<sup>6</sup>**
- a. \$1 billion of emergency funding to reduce eligibility requirements and increase access to unemployment benefits for individuals directly affected by COVID-19.
  - b. Requirements to search for work and to wait a week before receiving unemployment benefits are waived.
- VIII. Due date for individual Federal income tax returns and payments due April 15, 2020 automatically postponed to July 15, 2020.<sup>7</sup>**

---

<sup>4</sup> IRS Notice 2020-18

<sup>5</sup> Coronavirus Aid, Relief, and Economic Security (CARES) Act

<sup>6</sup> Families First Coronavirus Response Act

<sup>7</sup> IRS Notice 2020-18