



## **Employers' Guide to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) Stimulus Package**

Congress passed, and President Trump signed into law, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) on March 27, 2020. Commonly referred to as the "coronavirus stimulus package," the CARES Act contains numerous provisions aiding individuals, small businesses, big corporations, public systems and local governments. Several provisions for small businesses help offset the financial burden of the recently enacted Families First Coronavirus Response Act (FFCRA).

### **PROVISIONS EMPLOYERS SHOULD NOTE:**

- **Federal funds to reimburse states** for 13-week extension of unemployment benefits. Enhanced benefits adding \$600 to state benefits for four months (furloughed employees included).
- **Guaranteed loans for small businesses with fewer than 500 employees** for up to \$10 million under the Paycheck Protection Program. Loans can be used for payroll, as well as paid sick, medical or family leave; costs related to the continuation of group health care benefits; mortgage payments; and rent, utilities and other debts. Loans are available at community banks to small businesses that pledge not to lay off their workers. The loans would be available during an emergency period ending June 30 and forgiven if the employer continued to pay workers through the end of June. No personal guarantee requirement or collateral required, unless loan is used for unapproved purposes. Likewise, if employers do not honor the terms of the loan, the amount forgiven may be reduced. Loan amounts not forgiven at the end of one year are carried forward as an ongoing loan with a maximum term of 10 years and maximum interest rate of 4 percent. The Small Business Administration (SBA) will offer further guidance within 15 days of the Act's enactment.

[View the application for relief](#)

- **Emergency grants for small businesses with fewer than 500 employees** for up to \$10,000 to cover immediate operating expense. These grants may be used to cover payroll expenses in addition to increased costs of obtaining materials or supplies unavailable from a previous source due to supply chain disruption. The SBA will offer further guidance within 15 days of the Act's enactment.
- **Tax credit for retaining employees**, worth up to 50 percent of wages paid during the crisis, for a business or corporation of any size forced to suspend operations or that has seen gross receipts fall by 50 percent from the previous year. The 50 percent credit would offset the employer's share of Social Security taxes up to \$10,000 of qualified wages per employee. For employers with more than 100 full-time employees, qualified wages are wages paid when not providing services due to COVID-19. For eligible employers with fewer than 100 full-time employees, all employee wages qualify for the credit. The tax credit is available if they don't completely close. Swift Currie recommends speaking with a tax professional for additional information regarding this provision.
- **Delayed deadline for payment of 2020 payroll taxes.** The bill would extend the time to submit payroll taxes, including self-employment taxes, but excludes taxpayers who take advantage of loan forgiveness under the Paycheck Protection Program or the SBA's loan forgiveness. The provision requires that the taxes be paid over the next two years, with 50 percent due by Dec. 31, 2021, and the remaining 50 percent due by Dec. 31, 2022. Swift Currie recommends speaking with a tax professional for additional information regarding this provision.

If you wish to further discuss the CARES Act or have any questions, please contact Swift Currie attorneys:

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