

The Coronavirus AID, Relief, and Economic Security (CARES) Act ([H.R. 748](#)) provides economic relief to employers, including those in the health care sector, in the form of loans, as well as tax credits and tax deferments, with eligibility varying by business size and type.

	Overview	Eligibility	Amount	Implementation Status
LOANS, GRANTS, AND DIRECT PAYMENTS				
Paycheck Protection Program (PPP) Loans	Sec. 1102 provides an incentive for eligible employers to maintain their payroll through “covered loans” through the Small Business Administration’s (SBA) Paycheck Protection Program.	Any business, 501(c)(3) nonprofit, 501(c)(19) veteran’s organization, or Tribal business with fewer than 500 employees or meet SBA’s size standards .	Maximum loan amount is: (1) the business’ average total monthly payroll costs incurred during the 1-year period before the date on which the loan is made multiplied by 2.5, plus the outstanding amount of an SBA disaster loan (i.e., EIDL) that was made between Jan. 31, 2020 and the date on which the loan is made; or (2) \$10M.	On April 2, SBA issued an interim final rule to immediately implement PPP and provide formal guidance on implementation for borrowers and lenders regarding eligibility, use of PPP loans, loan forgiveness, and other terms and conditions.
	Sec. 1106 authorizes SBA to forgive a portion of the loan (up to the full principal amount) if proceeds are used for payroll costs ¹ and other designated business operating expenses ² (incurred or dated before Feb. 15, 2020) over the 8-week period after the loan is made; and employee and compensation levels are maintained.	Affiliates will be considered together for the purposes of determining eligibility. In an interim final rule , SBA established four tests for affiliation: (1) based on ownership; (2) arising under stock options, convertible securities, and agreements to merge; (3) based on management; and (4) based on identity of interest. See SBA summary for more details.	SBA set the following threshold for the forgiveness amount: 75% for payroll costs and 25% for non-payroll costs. CARES Act appropriates \$349B to cover loans made available retroactively from Feb. 15, 2020 through June 30, 2020 .	SBA intends to issue additional guidance regarding loan forgiveness. On April 3, SBA issued an interim final rule on affiliation rules for PPP (see eligibility). Businesses can apply for a PPP loan beginning April 3, 2020 with any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, Farm Credit System institution, and additional lenders approved by the Treasury to make PPP loans. A lender can approve a loan application on the same day. Additional resources on PPP:

¹ Payroll costs mean salary, wage or other compensation (excludes compensation of an individual salary above \$100,000); payment of cash tip; payment for vacation, parental, family, medical, or sick leave; allowance for dismissal or separation; payment required for the provision of group health care benefits, including insurance premiums; payment of any retirement benefit; and payment of State or local tax assessed on the compensation of employees.

² Allowable expenses are costs related to the continuation of group health care benefits during period of paid sick, medical, or family leave, and insurance premiums; employee salaries, commissions, or similar compensations; payments of interest on any mortgage obligation; rent; utilities; and interest on any other debt obligations that were incurred before the covered period.

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	<p>“Covered loans” are 100% SBA guaranteed; loan payment can be deferred up to 1 year.</p> <p>Lenders are delegated authority by SBA to approve loans (instead of going through normal processes) based on the following instead of repayment ability: (1) business was in operation on Feb. 15, 2020; and (2) had employees for whom it paid salaries and payroll taxes; or paid an independent contractor.</p>	<p>Sole-proprietors, independent contractors, and eligible self-employed individuals</p> <p>Business in accommodation and food services sector that employs fewer than 500 employees per physical location; a business operating as a franchise; or business that receives financial assistance from a licensed Small Business Investment Company</p>		<ul style="list-style-type: none"> • Treasury and SBA’s FAQs (as of April 6) • PPP webpage <p>SBA is required to issue regulations to implement Title I of the CARES Act, which includes PPP and EIDLs (discussed below), within 15 days of enactment (i.e., on or before April 11, 2020).</p>
Emergency Economic Injury Disaster Loan (EIDL) Advance (Grants)	<p>Sec. 1110 establishes Emergency Economic Injury Disaster Loans (EIDL) grants to provide applicants with an advance on the loan.</p> <p>SBA’s Economic Injury Disaster Loans (EIDL) are intended to help meet financial obligations and operating expenses, including fixed debts, payroll, accounts payable, and bills that otherwise could have been paid</p>	Same as above.	<p>CARES Act appropriates \$562M to cover emergency EIDL grants.</p> <p>The Families First Coronavirus Response Act (H.R. 6201) appropriates \$20M (available until expended) to cover EIDLs.</p> <p>Maximum advance on EIDL is \$10K.</p>	<p>Application is open through Sept. 30, 2020. EIDL loans advance funds will be made available within days of approvals, and loan advance will not have to be repaid.</p> <p>Appropriated funding will be available until expended. Authority to provide Emergency EIDL grants ends Dec. 30, 2020</p> <p>On Mar. 17, SBA issued revised criteria for states or territories seeking EIDLs. All states and territories are eligible for EIDLs, per EIDL declarations.</p> <p>On Mar. 23, SBA announced existing SBA disaster loans would be automatically deferred through Dec. 31, 2020.</p> <p>More information available here.</p>
Emergency Unemployment Relief for Government Entities or Nonprofits	Sec. 2103 provides payment to states to reimburse nonprofits, government agencies, and American Indian tribes for half of the costs they incur to pay unemployment benefits.	States	Sums as necessary to pay half of state costs.	<p>Applies to all unemployment payments made during the period between March 13, 2020 and December 31, 2020, even if the unemployed individual is not unemployed as a result of COVID-19.</p> <p>Additional guidance is available here (p. 3).</p>

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Federal Reserve Loans to Medium-Sized Businesses and Nonprofits	<p>Sec. 4003 authorizes the U.S Treasury to make loans, loan guarantees, and other investments to eligible businesses.</p> <p>Implements a special 13(3) facility through the Federal Reserve that provides loans (annualized interest rate no higher than 2%) to medium-sized businesses and nonprofits. Principle amount cannot be reduced through loan forgiveness. Conditions include:</p> <ul style="list-style-type: none"> • The loans must be used to retain 90 percent of the recipient’s workforce • Recipient cannot offshore jobs during the loan period and two years following • No interest or principal will be due for at least the first six months after the loan is made. 	Business and non-profits with between 500 and 10,000 employees	<p>CARES Act appropriates \$454B for loans, loan guarantees, and other investments in support of the Federal Reserve’s lending facilities that support eligible businesses, states and municipalities.</p> <p>Maximum loan amount is not specified.</p>	Treasury is required to issue regulations or guidance as may be necessary or appropriate to implement this section (no statutory timeline).
TAX PROVISIONS				
Employee Retention Credit for Employers Subject to Closure	Sec. 2301 provides a refundable payroll tax credit for 50 percent of wages paid by qualified employers to employees during the COVID-19 crisis.	<p>Employers (including nonprofits) 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 percent when compared to the same quarter in the prior year.</p> <p>Employers with less than 500 employees are only</p>	<p>50 percent credit is based on the first \$10,000 of qualified wages paid to an employee (including health benefits).</p> <p>For employers with greater than 100 full-time employees, qualified wages are only those paid to furloughed employees.</p> <p>For employers with 100 or fewer full-time employees, all employee wages qualify for the credit, whether the employer is open for business or subject to a shut-down order.</p>	<p>The credit is provided for wages paid or incurred from March 13, 2020 through December 31, 2020.</p> <p>IRS guidance, including on how to access advance credit payments is available here.</p>

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		<p>eligible if they forgo taking a Paycheck Protection Program loan (see above for details).</p> <p>Government employees and the self-employed are not eligible.</p>		
Delay of Employer Payroll Taxes	<p>Sec. 3202 allows employers to defer payment of the 6.2-percent employer share of the Social Security tax they otherwise are responsible for paying on their employee wages. The Social Security Trust Funds will be held harmless under this provision. Effectively allows the Federal government to loan businesses funds to ensure they can continue operating during this crisis.</p>	<p>Employers and self-employed individuals.</p> <p>Employers with less than 500 employees are only eligible if they forgo taking a Paycheck Protection Program loan (see below for details).</p>	Unspecified	<p>Requires that the deferred tax be paid over the following two years, with half of the amount required to be paid by December 31, 2021 and the other half by December 31, 2022.</p>
Modifications for Net Operating Losses	<p>Sec. 2303 relaxes the 2017 Tax Cut and Jobs Act (TCJA) limitations on a company's use of net operating losses (NOL), by allowing a NOL arising in tax years 2018, 2019, or 2020 to be carried back five years. Temporarily removes the taxable income limitation to allow a NOL to fully offset income. Effectively allows companies to utilize losses and amend prior year returns, providing critical cash flow and liquidity.</p>	Employers	Unspecified	<p>Applies to NOL arising after December 31, 2017 and before January 1, 2021.</p>
Modification of TCJA Limitation on Losses for	<p>Sec. 2304 modifies the TCJA loss limitation applicable to pass-through businesses and sole proprietors, so they can</p>	Taxpayers other than corporations	Unspecified	<p>Applies to taxable years beginning after December 31, 2017, and before January 1, 2026.</p>

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Noncorporate Taxpayers	utilize excess business losses and access critical cash flow to maintain operations and payroll for their employees.			Affected taxpayers must amend their 2018 return or 2019 returns to claim the higher loss.
Modification of Credit for Prior Year Minimum Tax Liability of Corporations	The corporate alternative minimum tax (AMT) was repealed under the TCJA, but corporate AMT credits were made available as refundable credits over several years, ending in 2021. Sec. 2305 accelerates the ability of companies to recover those AMT credits, permitting companies to claim a refund now and obtain additional cash flow during the COVID-19 emergency.	Corporate taxpayers	Unspecified	Applies to taxable years beginning after December 31, 2017.
Modification of Limitation on Business Interest	Sec. 2306 temporarily increases the amount of interest expense businesses are allowed to deduct on their tax returns, by increasing the TCJA 30-percent limitation to 50 percent of taxable income (with adjustments) for 2019 and 2020.	Businesses	Unspecified	Applies to tax years 2019 and 2020. Note: For partnerships, the Act preserves the 30% limitation for 2019, but a partner receiving an allocation of suspended interest in 2019 is permitted to deduct half of such interest in 2020.