CARES Act FAQs: SMALL BUSINESSES

What support is there for small businesses?

Refundable tax credits are available for private-sector employers that are required to offer coronavirus related paid leave to employees. IRS will be posting information soon on these credits on its website (www.irs.gov), including information on how to obtain advance payment of these credits.

The employer side of certain payroll taxes are deferred through the end of 2020. Deferred taxes will not become due until end of 2021 and end of 2022, with 50% of the liability being paid at each date. Any business that does not have a loan forgiven under the new SBA Paycheck Protection Program is eligible for the payroll tax deferral.

An employee retention tax credit is available for struggling businesses that are not eligible or choose not to participate in the new SBA Paycheck Protection Program. Any business that has been forced to fully or partially suspend operations, or that has seen a significant drop in revenues is eligible for a 50-percent credit for wages paid to furloughed or reduced-hour employees. For businesses with 100 employees or less, the credit is based on all wages paid, regardless of whether an employee is furloughed. There is an overall limit on wages per employee of $10,000. The credit can be claimed against the business's quarterly payroll tax liability and is fully refundable to the extent of excess. There will also be options to receive advance payments. Small business owners should lookout for information at IRS.gov and talk to their payroll service provider, as applicable.

$350 billion is made available for a new Small Business Administration Paycheck Protection Program (PPP). The program would provide cash-flow assistance through 100 percent federally guaranteed loans to employers who maintain their payroll during this emergency. If employers maintain their payroll, the loans would be forgiven, which would help workers remain employed, as well as help affected small businesses and our economy to snap-back quicker after the crisis. PPP has a host of attractive features, such as forgiveness of up to 8 weeks of payroll based on employee retention and salary levels, no **SBA** fees and at least six months of deferral with maximum deferrals of up to a year. Small businesses and other eligible entities will be able to apply if they were harmed by COVID-19 between February 15, 2020 and June 30, 2020. This program is would be retroactive to February 15, 2020, in order to help bring workers who may have already been laid off back onto payrolls. **Loans are available through June 30, 2020.**

$17 billion is available for immediate relief to small businesses with non-disaster SBA loans, in particular 7(a), 504, and microloans. Under it, SBA will cover all loan payments on these SBA loans, including principal, interest, and fees, for six months. This relief will also be available to new borrowers who take out loans within six months of the President signing the bill into law.

The *CARES Act* creates a new SBA Economic Injury Emergency Grant Program. These grants provide an emergency advance of up to $10,000 to small businesses and private non-profits

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harmed by COVID-19 within three days of applying for an SBA Economic Injury Disaster Loan (EIDL). To access the advance, you must first apply for an EIDL and then request the advance. The advance does not need to be repaid under any circumstance, and may be used to keep employees on payroll, to pay for sick leave, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent and mortgage payments.

What type of assistance will independent contractors be eligible for?

Refundable tax credits are available for independent contractors who would have qualified for coronavirus related paid leave if they were employees. IRS will be posting information soon on these credits on its website (www.irs.gov), including information on how to claim these credits.

50 percent of certain self-employment taxes are deferred through the end of 2020. Deferred taxes will not become due until end of 2021 and end of 2022, with 50% of the liability being paid at each date.

Independent contractors are also eligible for assistance through the Small Business Administration's new Paycheck Protection Program and Economic Injury Emergency Grant Program.

What assistance is there for nonprofits?

The employer side of certain payroll taxes are deferred through the end of 2020. Deferred taxes will not become due until end of 2021 and end of 2022, with 50% of the liability being paid at each date. Any business that does not have a loan forgiven under the new SBA Paycheck Protection Program is eligible for the payroll tax deferral.

Certain tax-exempt organizations that have been forced to fully or partially suspend operations, or that have seen a significant drop in revenues are eligible for a 50-percent credit for wages paid to furloughed or reduced-hour employees. Organizations that participate in the SBA Paycheck Protection Loan Program are not eligible for the credit. For organizations with 100 employees or less, the credit is based on all wages paid, regardless of whether an employee is furloughed. There is an overall limit on wages per employee of $10,000. The credit can be claimed against the organization's quarterly payroll tax liability and is fully refundable to the extent of excess. There will also be options to receive advance payments.

501(c)(3) nonprofit organizations, along with small businesses, 501(c)(19) veterans organizations, and tribal businesses, are eligible to apply for the Small Business Administration's Paycheck Protection Program. Through this program, a nonprofit organization can apply to an SBA-approved lender for a loan of up to 250% of your average monthly payroll costs to cover eight weeks of payroll as well as help with other expenses like rent, mortgage payments, and utilities. The maximum loan amount is $10 million. This loan can be forgiven based on maintaining employee and salary levels. For any portion of the loan that is not forgiven, the terms include a maximum term of 10 years, a maximum interest rate of 4 percent. Nonprofit organizations will be able to apply if they were harmed by COVID-19 between February 15, 2020 and June 30, 2020. To be eligible, nonprofit organizations must have fewer than 500 employees, or more if SBA's size standards for the non-profit allows, and comply with the SBA's affiliation rules for nonprofits. This program is retroactive to February 15, 2020, in order to help bring workers who may have already been laid off back onto payrolls. Loans are available through June 30, 2020.

A provision in the CARES package would authorize a program to allow any mid-sized nonprofit between 500 and 10,000 employees to get access to quick, low cost, government guaranteed credit through their local lender or financial institution. These organizations need cash now and so this program is set up to get money quickly in the hands of those who need it in order to preserve workforce during the COVID-19 health emergency.

The Treasury Department and Federal Reserve will have a degree of flexibility in designing the new program, but the expectation is for loan terms to last for no more than five years and to cover up to 100% of payroll over the previous 180 days, or 50% of revenues for the past year, for eligible organizations. Underwriting requirements should be kept simple, based on employer size, creditworthiness as of January 2020, and the ability to produce recent tax returns or audited financial statements. The legislation prescribes that the loans must carry an interest rate of no greater than 2% and to provide forbearance on principal and interest for at least the first 6 months. Borrowers will also be required to protect workers. Any loan recipient will have to attest that they'll use the money to keep workers employed – at least to 90% of their payroll – and keep workers paid at close to full compensation and benefits. Borrowers will also commit to rehiring their workforce back to preexisting levels upon the end of the COVID-19 health emergency.

The most efficient way to deliver fast credit to eligible organizations is through existing relationships with local lenders. Under the program, any qualified organization should be able to receive financing at a local bank, credit union, CDFI, or qualified nonbank lender.

What types of businesses and entities are eligible for a PPP loan?

- Businesses and entities must have been in operation on February 15, 2020.
- Small business concerns, as well as any business concern, a 501(c)(3) nonprofit organization, a 501(c)(19) veterans organization, or Tribal business concern described in section 31(b)(2)(C) that has fewer than 500 employees, or the applicable size standard in number of employees for the North American Industry Classification System (NAICS) industry as provided by SBA, if higher.
- Individuals who operate a sole proprietorship or as an independent contractor and eligible self-employed individuals.

- Any business concern that employs not more than 500 employees per physical location of the business concern and that is assigned a North American Industry Classification System code beginning with 72, for which the affiliation rules are waived.
- Affiliation rules are also waived for any business concern operating as a franchise that is assigned a franchise identifier code by the Administration, and company that receives funding through a Small Business Investment Company

What are SBA affiliation rules?

Affiliation rules become important when SBA is deciding whether a business's affiliations preclude them from being considered "small." Generally, affiliation exists when one business controls or has the power to control another or when a third party (or parties) controls or has the power to control both businesses. Please see this resource for more on these rules and how they can impact your business's eligibility.

What types of non-profits are eligible for the SBA PPP assistance?

In general, 501(c)(3) and 501(c)(19) non-profits with 500 employees or fewer as most non-profit SBA size standards are based on employee count, not revenue. You can check here.

How is the PPP loan size determined?

Depending on your business's situation, the loan size will be calculated in different ways (see below). The maximum loan size is always $10 million.

- If you were in business February 15, 2019 – June 30, 2019: Your max loan is equal to 250 percent of your average monthly payroll costs during that time period. If your business employs seasonal workers, you can opt to choose March 1, 2019 as your time period start date.
- If you were not in business between February 15, 2019 – June 30, 2019: Your max loan is equal to 250 percent of your average monthly payroll costs between January 1, 2020 and February 29, 2020.
- If you took out an Economic Injury Disaster Loan (EIDL) between February 15, 2020 and June 30, 2020 and you want to refinance that loan into a PPP loan, you would add the outstanding loan amount to the payroll sum.

What costs are eligible for payroll under the PPP?

- Compensation (salary, wage, commission, or similar compensation, payment of cash tip or equivalent)
- Payment for vacation, parental, family, medical, or sick leave
- Allowance for dismissal or separation

- Payment required for the provisions of group health care benefits, including insurance premiums
- Payment of any retirement benefit
- Payment of State or local tax assessed on the compensation of employees

What costs are not eligible for payroll under the PPP?

- Employee/owner compensation over $100,000
- Taxes imposed or withheld under chapters 21, 22, and 24 of the IRS code
- Compensation of employees whose principal place of residence is outside of the U.S
- Qualified sick and family leave for which a credit is allowed under sections 7001 and 7003 of the *Families First Coronavirus Response Act*

What are allowable uses of loan proceeds with a PPP loan?

- Payroll costs (as noted above)
- Costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums
- Employee salaries, commissions, or similar compensations (see exclusions above)
- Payments of interest on any mortgage obligation (which shall not include any prepayment of or payment of principal on a mortgage obligation)
- Rent (including rent under a lease agreement)
- Utilities
- Interest on any other debt obligations that were incurred before the covered period

What are the loan term, interest rate, and fees for a PPP loan?

For any amounts not forgiven, the maximum term is 10 years, the maximum interest rate is 4 percent, zero loan fees, zero prepayment fee (SBA will establish application fees caps for lenders that charge).

How is the forgiveness amount calculated under PPP?

Forgiveness on a covered loan is equal to the sum of the following payroll costs incurred during the covered 8 week period compared to the previous year or time period, proportionate to maintaining employees and wages (excluding compensation over $100,000):

Payroll costs **plus** any payment of interest on any covered mortgage obligation (not including any prepayment or payment of principal on a covered mortgage obligation) **plus** any payment on any covered rent obligation **plus** and any covered utility payment.

How do I get forgiveness on my PPP loan?

You must apply through your lender for forgiveness on your loan. In this application, you must include:

- Documentation verifying the number of employees on payroll and pay rates, including IRS payroll tax filings and State income, payroll and unemployment insurance filings
- Documentation verifying payments on covered mortgage obligations, lease obligations, and utilities.
- Certification from a representative of your business or organization that is authorized to certify that the documentation provided is true and that the amount that is being forgiven was used in accordance with the program's guidelines for use.

What happens after the forgiveness period for a PPP loan?

Any loan amounts not forgiven is carried forward as an ongoing loan with max terms of 10 years, at 4% max interest. Principal and interest will continue to be deferred, for a total of 6 months to a year after disbursement of the loan. The clock does not start again.

Can I get more than one PPP loan?

No, an entity is limited to one PPP loan. Each loan will be registered under a Taxpayer Identification Number at SBA to prevent multiple loans to the same entity.

What kind of lender can I get a PPP loan from?

All current SBA 7(a) lenders are eligible lenders for PPP. The Department of Treasury will also be in charge of authorizing new lenders, including non-bank lenders, to help meet the needs of small business owners.

How does the PPP loan coordinate with SBA's existing loans?

Borrowers may apply for PPP loans and other SBA financial assistance, including Economic Injury Disaster Loans (EIDLs), 7(a) loans, 504 loans, and microloans, and also receive investment capital from Small Business Investment Corporations (SBICs).

How does the PPP loan work with the temporary Emergency Economic Injury Grants and the Small Business Debt Relief program?

Emergency Economic Injury Grant recipients and those who receive loan payment relief through the Small Business Debt Relief Program may apply for and take out a PPP loan. Refer to those sections for more information.

SMALL BUSINESS DEBT RELIEF PROGRAM

Which SBA loans are eligible for debt relief under this program?

7(a) loans not made under the Paycheck Protection Program (PPP), 504 loans, and microloans. Disaster loans are not eligible.

How does debt relief under this program work with a PPP loan?

Borrowers may separately apply for and take out a PPP loan, but debt relief under this program will not apply to a PPP loan.

How do I know if I'm eligible for a 7(a), 504, or microloan?

In general, businesses must meet size standards, be based in the U.S., be able to repay, and have a sound business purpose. To check whether your business is considered small, you will need your business's 6-digit North American Industry Classification System (NAICS) code and 3-year average annual revenue. Each program has different requirements, see https://www.sba.gov/funding-programs/loans for more details.

What is a 7(a) loan and how do I apply?

7(a) loans are an affordable loan product of up to $5 million for borrowers who lack credit elsewhere and need access to versatile financing, providing short-term or long-term working capital and to purchase an existing business, refinance current business debt, or purchase furniture, fixtures and supplies. In the program, banks share a portion of the risk of the loan with SBA. There are many different types of 7(a) loans, you can visit this site to find the one that's best for you. You apply for a 7(a) loan with a bank or a mission-based lender. SBA has a free referral service tool called Lender Match to help find a lender near you.

What is a 504 loan and how do I apply?

The 504 Loan Program provides loans of up to $5.5 million to approved small businesses with long-term, fixed-rate financing used to acquire fixed assets for expansion or modernization. It is a good option if you need to purchase real estate, buildings, and machinery. You apply through a Certified Development Company, which is a nonprofit corporation that promotes economic development. SBA has a free referral service tool called Lender Match to help find a lender near you.

What is a microloan and how do I apply?

The Microloan Program provides loans up to $50,000 to help small businesses and certain not-for-profit childcare centers to start up and expand. The average microloan is about $13,000. These loans are delivered through mission-based lenders who are also able to provide business counseling. SBA has a free referral service tool called Lender Match to help find a microlender near you.

I am unfamiliar with SBA loans, can anyone help me apply?

Yes, SBA resource partners are available to help guide you through the loan application process. You can find your nearest Small Business Development Center (SBDC) or Women's Business Center here.

ECONOMIC INJURY DISASTER LOANS & EMERGENCY ECONOMIC INJURY GRANTS

Are businesses and private non-profits in my state eligible for an EIDL related to COVID-19?

Yes, those suffering substantial economic injury in all 50 states, DC, and the territories may apply for an EIDL.

What is an EIDL and what is it used for?

EIDLs are lower interest loans of up to $2 million, with principal and interest deferment available for up to 4 years that are available to pay for expenses that could have been met had the disaster not occurred, including payroll and other operating expenses.

Who is eligible for an EIDL?

- Small business concerns (including sole proprietorships, with or without employees)
- Independent contractors
- Cooperatives and employee owned businesses
- Private non-profits
- Tribal small businesses

Small business concerns and small agricultural cooperatives that meet the applicable size standard for SBA are also eligible, as well as most private non-profits of **any** size. See below for more info on size standards.

My private non-profit is not a 501(c)(3). Is it still eligible for an EIDL and a grant?

Yes, if you are a private non-profit with an effective ruling letter from the IRS, granting tax exemption under sections 501(c), (d), or (e) of the Internal Revenue Code of 1954, **<u>or</u>** if you can provide satisfactory evidence from the State that the non-revenue producing organization or entity is a non-profit one organized or doing business under State law. However, a recipient that is principally engaged in teaching, instructing, counseling, or indoctrinating religion or religious beliefs, whether in a religious or secular setting, or primarily engaged in political or lobbying activities is not eligible to receive an EIDL. If you are uncertain whether you qualify, please consult with legal counsel to determine whether your organization meets program criteria.

Who is eligible for an Emergency Economic Injury Grant?

Those eligible for an EIDL and who have been in operation since **January 31, 2020**, when the public health crisis was announced.

How long are Emergency Economic Injury Grants available?

January 31, 2020 – December 31, 2020. The grants are backdated to January 31, 2020 to allow those who have already applied for EIDLs to be eligible to also receive a grant.

If I get an EIDL and/or an Emergency Economic Injury Grant, can I get a PPP loan?

Whether you've already received an EIDL unrelated to COVID-19 or you receive a COVID-19 related EIDL and/or Emergency Grant between January 31, 2020 and June 30, 2020, you may also apply for a 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. However, you cannot use your EIDL for the same purpose as your PPP loan. For example, if you use your EIDL to cover payroll for certain workers in April, you cannot use PPP for payroll for those same workers in April, although you could use it for payroll in March or for different workers in April.

How do I know if my business is a small business?

Please visit https://www.sba.gov/size-standards/ to find out if your business meets SBA's small business size standards. You will need the 6-digit North American Industry Classification Code for your business and your business' 3-year average annual revenue.

How do I apply for an economic injury disaster loan?

To apply for an EIDL online, please visit https://disasterloan.sba.gov/ela/. Your SBA District Office is an important resource when applying for SBA assistance.

I am unfamiliar with the EIDL process, can anyone help me apply?

Yes, SBA resource partners are available to help guide you through the EIDL application process. You can find the nearest Small Business Development Center (SBDC), Women's Business Center, or SCORE mentorship chapter at https://www.sba.gov/local-assistance/find/.

COUNSELING AND TRAINING

Do I have to pay for counseling and training through SBDCs, WBCs, and MBDCs?

Counseling is free and training is low-cost with these partners. The additional funds that Congress provided will help keep this possible. Mentorship through SCORE is always free.

What is a SBDC?

SBDCs are a national network of nearly 1,000 centers that are located at leading universities, colleges, state economic development agencies and private partners. They provide counseling and training to new and existing businesses. Each state has a lead center that coordinates services specifically for that state, which you can find by clicking the link above. To find out more about SBDCs, visit https://americassbdc.org/about-us/.

What is a WBC; is it only for women?

WBCs are a national network of more than 100 centers that offer one-on-one counseling, training, networking, workshops, technical assistance and mentoring to entrepreneurs on numerous business development topics. In addition to women, WBCs are mandated to serve the needs of underserved entrepreneurs, including low-income entrepreneurs. They often offer flexible hours to meet the needs of their diverse clientele. To find out more about WBCs, visit https://www.awbc.org/.

What is SCORE?

SCORE provides free, confidential business advice through our volunteer network of 10,000+ business experts. You can meet with a mentor online. Find out more here

Who do MBDCs serve?

MBDCs are a good option for minority-owned businesses (including those owned by Black, Hispanic, Asian American/Pacific Islander, and American Indian business owners), especially those seeking to penetrate new markets — domestic & global — and grow in size and scale

UNEMPLOYMENT INSURANCE

How much can I get from Unemployment Insurance?

The exact amount you can receive through Unemployment depends on your state and your previous earnings. Between now and July 31, an additional $600 will be added to every unemployment compensation check, so no one will receive less than $600 per week.

What if I'm not eligible for traditional Unemployment Insurance?

The CARES Act temporarily expands unemployment insurance to cover individuals who are not traditionally covered, including the self-employed, gig-workers, independent contractors, and workers with irregular work history. It also expands the list of allowable criteria for claiming unemployment compensation to include many reasons related to the COVID-19 public health emergency. Contact the unemployment office in the state where you worked to determine your eligibility.

What if I've been out of work because of COVID-19 for several weeks already?

If you exhaust the weeks of unemployment compensation available to you through your state's laws, you will be eligible for an additional 13 weeks of benefits. These benefits will be federally-funded, but you will still receive them through your state.

How long will the expanded benefits be in place?

Expanded eligibility for unemployment insurance will be in effect until December 31, 2020. A $600 additional benefit will be added to unemployment compensation received for weeks between when the bill is enacted and July 31, 2020.

Is there a waiting period?

The CARES Act includes incentives for states to waive the waiting week between applying for unemployment compensation and receiving it. Contact the unemployment office in the state where you worked to determine whether there will be a waiting week.

How do I file for unemployment insurance?

You can apply for unemployment compensation through the unemployment office in the state where you worked. In most states, you can apply online.

EMERGENCY LEAVE

Who is a covered employer?

In general, a private employer with fewer than 500 employees is a "covered employer" for both the paid sick leave and paid family leave requirements. However, the Secretary of Labor has additional authority to exempt employers with fewer than 50 employees from the requirement to provide leave for caring for children due to closures of schools or child care, both in the paid sick leave and paid family leave context. Additionally, employers of Health Care Providers or Emergency Responders have authority to unilaterally exclude their employees from all of the paid sick leave and paid family leave requirements. Finally, while most public employers with 1 or more employees are covered by the paid sick leave requirements and most public employers with fewer than 500 employees are covered by the paid family leave requirements, most federal employers are excluded from the paid family leave requirements—and OMB has the authority to exclude any federal employers from both the paid sick leave and paid family leave requirements.

Who is a covered employee?

To be a "covered employee," an individual must first be working for a "covered employer" explained above. In general, an individual who is employed by a covered employer is covered by both the paid sick leave and paid family leave; the definition of "employee" is based in the Fair Labor Standards Act (FLSA) and is broad and intended to capture most people. However, paid family leave has an additional requirement that an individual has been employed by the employer for at least 30 days to qualify; if an individual was laid off by their employer after March 1, 2020, had worked for that employer for 30 of the 60 calendar days before being laid-off, and is re-hired by the employer, then that employee qualifies as a covered employee even though upon their rehire they have not been working for 30 days for the employer. Most federal employees are excluded from the paid family leave, and OMB has the authority to exclude any federal employees from both the paid sick leave and paid family leave.

How much paid sick leave are employees eligible to take?

For paid sick leave, employees are eligible to take up to 80 hours (two weeks) of paid time, depending on the employee's regular schedule, at 100% of the employee's regular rate of pay (up to $511 per day) due to quarantine/isolation order, health-care provider guidance to self-quarantine, or seeking diagnosis for symptoms of COVID-19; the pay is limited to 2/3 of the employee's regular rate of pay (up to $200 per day) for caring for someone who is isolated/quarantined and for taking care of a child due to a closure of school or child care.

How much paid family leave are employees eligible to take?

For paid family leave, employees are eligible to take up to 10 additional weeks of paid time at 2/3 of the employee's regular rate of pay (up to $200 per day) solely to take care of a minor child due to a closure of school or child care or the unavailability of a child care provider.

What are the qualifying reasons for leave?

For paid sick leave:

Unable to work or telework due to

- The employee is covered by a quarantine or isolation order by a federal, state, or local authority;
- The employee has been advised by a health care provider to self-quarantine due to concerns over COVID-19;
- The employee is experiencing symptoms of COVID-19 and is seeking diagnosis;

- The employee is caring for an individual who is covered by a quarantine or isolation order or who has been advised by a health care provider to self-quarantine;
- The employee is caring for a son or daughter if, due to COVID-19, the school or place of care is closed or if the child care provider is unavailable; or
- The employee is experiencing a "substantially similar condition" as specified by HHS and DOL.

For paid family leave:

The employee is unable to work or telework due to needing to care for a son or daughter under 18 years of age because, due to COVID-19, the child's school or place of care is closed or the child's child care provider is unavailable

Are there documentation requirements an employee must provide to prove they are caring for an individual or child whose school or place of care is closed?

If the need for paid family leave is foreseeable, an employee must provide the employer with notice as soon as practicable; and an employer may require reasonable notice procedures to receive paid sick leave. However, while DOL may clarify this through guidelines or regulation, we do not read the Act to allow an employer to require any documentation to prove the employee is caring for an individual or child.

When do these provisions go into effect?

According to DOL, they will go into effect on April 1 and will apply to leave taken between April 1 and December 31, 2020.

CASH PAYMENTS TO AMERICANS

Who qualifies to receive a check and how much will an individual receive?

Anyone who filed a tax return this year or last year. Individuals receive $1,200, married couples receive $2,400, and child dependents (under 17) receive $500.

What are qualified income levels based off of?

There is no qualified income threshold or requirement to receive the rebate. However, the rebate phases out at a 5 percent rate above adjusted gross incomes of $75,000 for single filers, $112,500 for heads of household, and $150,000 for joint filers.

Can those collecting Social Security or disability receive a check?

Yes, if they filed a tax return this year or last year, or received a form SSA-1099. Otherwise, they need to file a tax return.

Will SSA administer the funds to my EBT/Debit card that I receive my SSA benefits through?

Our understanding is that IRS is sending out the rebates (via direct deposit or checks)

How does an individual claim their check?

They do not need to claim their checks (unless they have not either filed a tax return this year or last year) – IRS will send out rebates automatically to their direct deposit or to the address provided on the last tax return submitted.

How long will it take for this check to be delivered?

Rebates sent via direct deposit will take a few weeks. Rebates sent via checks may take a few months.

Will I be taxed on this check?

No, rebates are not taxable.

Will I be eligible if I haven't finished filing my 2018 taxes?

You need to have filed either a 2018 tax return or a 2019 tax return. If you have not filed either, you will not be eligible. You can file a 2019 tax return now to claim the rebate.

Will I be eligible if I have a lien against me, but I am in non-collect status?

Yes. Rebates will not be subject to garnishment, except if back child support is owed.

I withdrew my retirement in 2018- so my income that year was inflated. Is there any waiver for one time sources of income?

In this case, the taxpayer should file a 2019 tax return.

CHANGES TO TAX FILING

What has changed for income tax filing this year?

The tax filing due date has been extended to July 15. Tax returns and any income taxes owed will not be due until July 15.

Are there any changes to tax filing for businesses?

The income tax return due date for calendar year corporations has also been extended to July 15. Tax returns and any income taxes owed will not be due until July 15. Employers can defer paying the employer portion of certain payroll taxes through the end of 2020, with all 2020 deferred amounts due in two equal installments, one at the end of 2021, the other at the end of

2022. Deferral is not provided to employers that avail themselves of SBA 7(a) loans designated for payroll.

AID TO STATES AND MUNICIPALITIES

How much money do states and municipalities receive?

In total, states and municipalities will receive $150 billion. Reserved within that amount is $8 billion for Indian Tribes and $3 billion for DC and U.S. Territories.

What can the allocated funding be used for?

Necessary expenditures incurred due to the COVID-19 public health emergency or state and local expenditures not accounted for in the most recent approved budget. Only applies to expenditures incurred between March 1 and December 30, 2020.

What is the formula for state, county and city assistance?

Funds are allocated proportionally based on state population. No state that is one of the 50 states will receive less than $1.25 billion. Localities with more than 500,000 people can apply directly to Treasury for their relative share by population (compared to the state's total population) of 45 percent of the total allocated to a state.

How can a state, territory, or local government unit apply?

Treasury will automatically award each state its share within 30 days. Qualifying localities, however, must apply to Treasury to access their share of state funds.

STATE-LOCAL CORONAVIRUS RELIEF FUND

What can this money be used for?

The Coronavirus Relief Fund makes available $150 billion to States, Indian tribes, territories and units of local government for necessary expenditures incurred due to the public health emergency with respect to COVID-19. Eligible expenditures are those made between March 1, 2020, and December 30, 2020, and must not have been accounted for in the most recently approved budget. This funding is available directly to states and localities from Treasury and requires no state or local matching requirement. The Treasury Secretary has pledged to Leader Schumer that the funds will be deployed quickly and flexibly.

How is it distributed to states/localities?

Of the $150 billion total, $3 billion is set aside for the District of Columbia, Puerto Rico and the territories. $8 billion is set aside for Indian tribes.

Out of the funding available to the 50 states, payments to states are allotted proportionally based on their share of the U.S. population according to the latest annual data from the Bureau of the Census. States are guaranteed a minimum payment of $1.25 billion.

Out of each state's share of funding, up to 45 percent is set aside for units of local government to apply for directly to the Secretary of the Treasury. Units of local government larger than 500,000 persons can receive this funding, and a locality's share will be equal to its share of the state population multiplied by the 45% set aside for local governments. Any funding remaining once eligible localities have applied is awarded to the State.

Why cannot smaller localities apply for this funding?

Treasury explained that because localities can apply directly to the Secretary, it would not be feasible administratively to have all local units of government of any size to directly access this funding. Localities of any size can still work with their State governments to access funding.

TERRITORIES AND FREELY ASSOCIATED STATES

Are the territories eligible for aid in this package?

Yes, Puerto Rico, U.S. Virgin Islands, Guam, the Northern Mariana Islands, American Samoa are eligible for the new Pandemic Unemployment Assistance program, which benefits individuals who do not qualify for regular unemployment compensation and are unable to work because of the COVID-19 public health emergency. All territories are also eligible for the individual rebates. In addition, nutrition assistance is available through the existing supplemental nutrition assistance program (SNAP) for the U.S. Virgin Islands and Guam and through additional funding made available to Puerto Rico, the Northern Mariana Islands and America Samoa to ensure individuals and families receive the food they need.

Are the freely associated states eligible for aid in this package?

Yes, the Republic of Palau, the Federated States of Micronesia and the Republic of the Marshall Islands are eligible for the new Pandemic Unemployment Assistance program, which benefits individuals who do not qualify for regular unemployment compensation and are unable to work because of the COVID-19 public health emergency.

BANKING

I have a loan and I am worried that I won't be able to make my monthly payments. What can I do?

Contact your lender directly. The CARES Act allows banks and credit unions more flexibility to work with borrowers affected by the COVID-19 pandemic.

Does bill provide any relief for consumers who can't pay their bills?

This bill does not. This section of the bill only provides instruction on how lenders or creditors should report consumers who have received a forbearance or some other accommodation to help them make payments.

Individuals having problems paying their bills should contact their lenders directly. The CARES Act allows banks and credit unions more flexibility to work with borrowers affected by the COVID-19 pandemic.

We will continue to work to enact credit reporting relief for borrowers who are struggling to make their payments during this crisis.

Who can use the Fed lending facilities?

The Federal Reserve will design the facilities. According to government officials, we expect there to be potentially over a dozen different facilities. The legislation specifically indicates that there should be a facility for states, municipalities, and tribes, as well as a facility for medium-sized business that are not eligible for the SBA program. It will also be critical for the Fed to consider other needs, such as protecting homeowners and renters.

DEFENSE PRODUCTION ACT

What provisions does this bill include on the Defense Production Act?

The bill provides $1 billion for the Defense Production Act and waives certain DPA notification, prior Congressional approval and spending requirements so that the administration could use this funding immediately to address shortages in personal protective equipment, ventilators, beds, diagnostic test kits, and other urgently-needed medical supplies and equipment, and engage in other essential activities during the COVID-19 emergency.

BANKRUPTCY

My small business is in financial trouble and I'm considering filing for bankruptcy – how does this bill help?

This bill allows more small businesses to reorganize under Chapter 11 using procedures that are less expensive and that allow small business owners to retain control of their operations through the bankruptcy reorganization process. Under this bill, small businesses with up to $7.5 million in debt can take advantage of these streamlined Chapter 11 procedures. This new relief will be available for one-year.

I have been in Chapter 13 bankruptcy for 3 years. I recently lost my job and I can't afford my plan payments right now. I'm worried that I won't be able to complete the Chapter 13 process – does this bill help me?

Yes. This bill allows individuals and families currently in Chapter 13 who are experiencing financial hardship due to the COVID-19 pandemic to request a modification of their Chapter 13 plans, including by extending their payments for up to 7 years. This new relief will be available for one-year.

If I receive a stimulus check from the federal government, will it impact my ability to file for bankruptcy?

No. Under this bill, stimulus checks from the federal government cannot be used to determine whether you are eligible for filing bankruptcy. And, if you file for Chapter 13 bankruptcy, you will not have to turn your stimulus check over to your creditors. This new relief will be available for one-year.