



What Employers and Individuals Need to Know about the Coronavirus Stimulus Bill

What Employers and Individuals Need to Know about the Coronavirus Stimulus Bill

Posted on Mar 26, 2020 by Lora L. Zimmer

It still isn't law yet.

The "Coronavirus Aid, Relief, and Economic Security Act" or "CARES Act" passed in the U.S. Senate last night. It still needs to be passed by the House, which is expected to convene Friday morning for a vote. President Trump has indicated he will sign it into law immediately once it is brought to him. So, it is likely the bill will be signed into law by the end of the week.

For those who would like to snuggle up in isolation with 838 pages of legislative text, the full bill can be found [here](#).

The bill includes direct payments to some taxpayers.

The bill includes direct payments to most taxpayers depending on their adjusted gross incomes for 2020. Since 2020 is far from over, the payments will be based on 2019 tax returns (or, if 2019 returns have not yet been filed, on 2018 returns). Once 2020 taxes are filed in 2021, taxpayers who have received less than they should have will be paid the difference, but taxpayers who received more than they should have will not be required to pay back the difference.

Taxpayers filing individually with incomes below \$75,000 will receive \$1,200. For taxpayers filing individually earning between \$75,000 and \$99,000, this amount is reduced by 5% of the amount earned above \$75,000. Taxpayers filing individually earning more than \$99,000 will not receive a payment.

Taxpayers filing as head of household with incomes below \$112,500 will receive \$1,200. For taxpayers filing as head of household earning between \$112,500 and \$136,500, this amount is reduced by 5% of the amount earned above \$112,500. Taxpayers filing as head of household earning more than \$136,500 will not receive a payment.

Taxpayers filing a joint return with total incomes below \$150,000 will receive \$2,400. For taxpayers filing jointly earning between \$150,000 and \$198,000, this amount is reduced by 5% of the amount earned above \$150,000. Taxpayers filing jointly earning more than \$198,000 will not receive a payment.

Additional payments of \$500 per child will also be made to all eligible taxpayers, regardless of income.

These payments will be paid as soon as possible. They will not be treated as additional income, since they are essentially a credit against tax liability. The credit is not available to nonresident aliens, individuals who can be claimed as a dependent by another taxpayer, or estates and trusts.

A handy calculator to determine the amount of your payment has been published by the Washington Post [here](#).

The bill significantly broadens who is eligible for unemployment benefits.

The bill broadens the unemployment benefit program to cover a number of individuals who would not otherwise be eligible for unemployment benefits. It provides unemployment benefits, without any waiting period, to these individuals not otherwise eligible for unemployment benefits, for up to 39 weeks of unemployment, partial unemployment, or inability to work due to COVID-19 between January 27, 2020, and December 31, 2020. The amount of assistance will be the weekly benefit authorized by the covered individual's state, plus \$600 per week. To qualify for this assistance, an individual must provide self-certification that the individual is not otherwise eligible for unemployment benefits and is otherwise able to work and available to work but is unemployed, partially unemployed, or unable or unavailable to work because of one of the following reasons:

- The individual has been diagnosed with COVID-19 or is experiencing symptoms of COVID-19 and is seeking medical diagnosis;

- A child or other person in the household for which the individual has primary caregiving responsibility is unable to attend school or another facility that is closed as a direct result of the COVID-19 public health emergency and such school or facility care is required for the individual to work;
- The individual is unable to reach the place of employment because of a quarantine imposed as a direct result of the COVID-19 public health emergency;
- The individual is unable to reach the place of employment because the individual has been advised by a health care provider to self-quarantine due to concerns related to COVID-19;
- The individual was scheduled to commence employment and does not have a job or is unable to reach the job as a direct result of the COVID-19 public health emergency;
- The individual has become the breadwinner or major support for a household because the head of the household has died as a direct result of COVID-19;
- The individual has to quit his or her job as a direct result of COVID-19;
- The individual's place of employment is closed as a direct result of the COVID-19 public health emergency; or
- The individual meets any additional criteria that may be established by the Secretary of Labor in the future.

The additional unemployment benefit will also be available to individuals who are self-employed, seeking part-time employment, do not have sufficient work history, or who otherwise would not qualify for regular unemployment or extended benefits and meet the qualifications of one of the above bullet points.

The bill extends and increases unemployment benefits for those who would otherwise be covered.

Provided the state enters into an agreement with the federal government to participate, the bill will provide funding for the state to pay those individuals who otherwise qualify for unemployment benefits an additional \$600 per week, above the regular amount of those benefits. The additional \$600 will be paid for weeks of unemployment starting with the date the state enters into an agreement with the federal government and ending July 31, 2020.

The bill also allows for states to enter into agreements with the federal government under which the federal government would provide funding for the state to make payments of unemployment compensation to individuals who have exhausted their rights to regular unemployment compensation under state law and who are able to work, available to work, and actively seeking work. The amount of unemployment compensation for these individuals would be the amount they would regularly be paid by the state, plus \$600 per week. This funding will be available from the time the state enters into the agreement with the federal government until December 31, 2020.

The bill also provides an incentive for states to waive the one-week waiting period for unemployment benefits by providing full funding of benefits for that week. To date, the Wisconsin legislature has not agreed to Gov. Evers' request to waive this waiting period.

The bill delays deadlines for payment of payroll taxes and provides advance refunding of payroll tax credit related to FFRCA.

The bill delays payment of 50% of 2020 employer payroll taxes and 25% of self-employment taxes until December 31, 2021 and the remaining amounts until December 31, 2022.

It also provides for advance refunding of the payroll tax credits allowed under the Families First Coronavirus Response Act for emergency sick time and extended FMLA leave we wrote about last week. The IRS will provide instructions on how to get this refund.

The bill provides for loans to small businesses who keep their workers.

The bill amends the Small Business Act to allow the Small Business Administration ("SBA") to provide loans to any business concern, nonprofit organization, veteran's organization, or Tribal business if it employs no more than the greater of 500 employees or, if applicable, the size standard in number of employees established by the SBA for the industry in which the entity operates. Included as eligible are sole proprietors, independent contractors, and eligible self-employed individuals.

The maximum loan amount is generally 2.5 times the entity's average total monthly payroll costs incurred in the one-year period before the loan is made. There are very few borrower requirements for this loan, which will not require collateral or personal guarantees and which will have interest rates capped at four percent. The borrower must certify that:

- The uncertainty of current economic conditions makes the loan request necessary to support the ongoing operations of the applicant;
- Funds will be used to retain workers and maintain payroll or make mortgage, lease, and utility payments;
- The applicant does not have any other application pending under this program for the same purpose; and
- From February 15, 2020 until December 31, 2020, the applicant has not received duplicative amounts under this program.

Importantly, these loans will be forgiven, and excluded from gross income, in an amount not exceeding the principal of the loan that is equal to the following costs incurred and paid between February 15, 2020, and June 30, 2020:

- Payroll costs;
- Interest payments on mortgages;
- Rent; and
- Utility payments

Forgiveness amounts will be reduced for any employee cuts or reductions in wages, in accordance with a specific formula set out in the bill.

The bill provides an employee retention credit for certain hard-hit employers.

An employer whose business is fully or partially suspended during a calendar quarter due to orders from a governmental authority due to COVID-19 or whose gross receipts for a calendar quarter are less than 50% of the gross receipts for the same calendar quarter of the prior year may receive a credit against employment taxes for each relevant quarter in the amount equal to 50% of their employees' wages (up to \$10,000 per employee) and qualified health plan expenses. For employers of over 100 employees, this payment only applies to those employees who aren't providing services but who the employer continues to pay. For employers of 100 or fewer employees, it applies to all employees' wages.

These distributions must be repaid within three years. Eligible taxpayers include anyone: diagnosed with COVID-19 or whose spouse or dependent has been diagnosed with COVID-19; who experiences adverse financial consequences from being quarantined, furloughed, or laid off; who has had work hours reduced; and who is unable to work due to lack of child care. The bill also allows loans of up to \$100,000 from qualified plans, and repayment can be delayed.

There is much more to the CARES Act than is listed here. If you have any questions on how the CARES Act affects you or your business, we are here to help.

- Bio
- Latest Posts



Lora L. Zimmer

Health Law and Title IX Attorney at McCarty Law LLP

Lora focuses her practice in corporate and business transactions, with a particular focus on the business and regulatory needs of health care clients. In addition, Lora is a trained Title IX investigator, providing prompt, thorough investigations and objective reporting in response to alleged violations of schools' sexual misconduct policies.



Share this:

- Facebook
- LinkedIn
- Twitter

Like this:

Loading...

Posted in [Client Alerts](#) | Tagged [coronavirus response](#), [coronavirus stimulus bill](#) | [Comments Off](#)

[previous article](#)

Archives

- All Months

Categories

- All Categories



Join Our LinkedIn Group



Serving the Greater Fox Valley Area in Appleton, Kaukauna, Little Chute, Kimberly, Green Bay, Oshkosh, Neenah, Menasha, and Fond du Lac, Wisconsin.

McCarty Law LLP
2401 East Enterprise Avenue
Appleton, Wisconsin 54913-7887

Phone: 920-882-4070

Fax: 920-882-7986

Practice Areas - Our Legal Services Specialties Include:

Business & Corporate Law
Commercial Litigation
Construction Law
Creditor Law & Debt Collection
Elder Law & Special Needs Planning
Employment & Labor Law
Estate Planning – Wills & Trusts
Family Law
Foreclosures
Health Care Law
Immigration Law
Mediation & Dispute Resolution
Personal Injury Law
Probate Law & Estate Settlement
Real Estate Law
Title IX & Civil Rights in Education
Trademark Law & Intellectual Property

[Privacy Policy](#)

[Contact Us](#)

[Disclaimer](#)

Stay connected with our monthly newsletter.

Email

Subscribe

