

CARES Act: Legal and business insights

The CARES Act



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In response to the global COVID-19 crisis, U.S. Congress passed the most comprehensive (and expensive) recovery act in the history of the country. The Coronavirus Aid, Relief and Economic Security (CARES) Act will cost \$2 trillion and is unprecedented in its scope. The rescue package will provide historic relief for American business with an array of new and expanded programs. McDonald Hopkins is using its multi-disciplinary approach to assess the CARES Act and to bring its full value to our clients.

Recent Developments

- [IRS clarifies no deduction for PPP loan forgiveness expenses](#)

- [HHS extends deadline to accept or reject CARES Act Provider Relief Funds](#)
- [Federal Reserve announces creation of Main Street Lending Program](#)

Business Counseling

- [Federal Reserve announces creation of Main Street Lending Program](#)

The Federal Reserve has announced the creation of the Main Street Lending Program. The Program is intended to assist smaller and medium-sized businesses that were sound financially before the COVID-19 pandemic and that need financing alternatives.

Businesses that were unable to access Payroll Protection Program (PPP) funding or require additional funding after receiving a PPP loan may also access the Program.

- [Congress passes \\$484B coronavirus relief bill](#)

Congress has passed the Paycheck Protection Program and Health Care Enhancement Act, increasing the total amount available under the Paycheck Protection Program by \$310 billion. Of that sum, \$60 billion is set aside for loans to be made through small and very small community banks and credit unions. The bill also includes an increase of \$10 billion for EIDL grants, \$75 billion to help overwhelmed providers and hospitals, and \$25 billion for coronavirus research.

- [Federal Reserve issues preliminary Main Street Loan Program details](#)

On April 9, 2020, the Federal Reserve announced the next step in Federal support for the economy by releasing preliminary details for the Main Street Lending Program (MSLP). The MSLP is a program

authorized under Title IV of the CARES Act. The announcement did not identify any timing or specific program implementation process, but the announcement provides details describing the general parameters of the program.

- [US Treasury posts additional guidance on Paycheck Protection Program](#)

On April 6, the United States Treasury posted additional guidance on frequently asked questions concerning the implementation of the Paycheck Protection Program established by the CARES Act.

- [The CARES Act: SBA Loan Access](#)

Find key information on the CARES Act, including the Paycheck Protection Program, Economic Injury Disaster Loans and how to access SBA Loans as part, in our infographic.

- [US Treasury issues guidance on the Paycheck Protection Program](#)

The U.S. Treasury Department issued guidance for the Paycheck Protection Program (PPP) enacted under Title 1 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) signed into law by President Donald Trump on March 27, 2020. Under the PPP, the Small Business Administration (SBA) had 30 days after the date of the enactment of the CARES Act to provide guidance to SBA lenders on the PPP.

- [Updated guidance on SBA economic disaster loans](#)

The U.S. Small Business Administration (SBA) has provided additional guidance regarding the \$10,000 forgivable loan advance in accordance with the CARES Act.

- [CARES Act: Summary of SBA provisions](#)

The CARES Act is intended to provide relief to big and small business as well as individuals. As it relates to small businesses, the

CARES Act provides substantial relief in the form of \$350 billion for Small Business Administration (SBA) loan guarantees and subsidies and additional funding for SBA resources.

- [CARES Act: An early analysis of the historic Coronavirus Aid, Relief and Economic Security Act](#)

In response to the coronavirus crisis, the U.S. Senate and House passed the most comprehensive (and expensive) recovery act in the history of the country. The Coronavirus Aid, Relief and Economic Security (CARES) Act will cost \$2 trillion and is unprecedented in its scope. It will bring emergency relief for virtually all Americans. This article is the first of many to help unlock the provisions of the act.

Business Restructuring

- [CARES Act amends Bankruptcy Code to raise debt limit on subchapter V cases](#)

The COVID-19 outbreak resulted in the passage of the Coronavirus Aid, Relief and Economic Security Act or “CARES Act,” which was signed by the President on March 27, 2020. While not as widely reported, the CARES Act amended the SBRA and the Bankruptcy Code in an important respect that should further facilitate reorganizations under the Bankruptcy Code for small businesses.

Employee Benefits

- [CARES Act and retirement programs](#)

As a means of helping to ease the financial burden on individuals during the economic distress caused by the coronavirus, the recently enacted CARES Act has made revisions to the rules and the operations of various retirement programs. Simplistically, these revisions have made it possible for certain individuals affected by

the adverse economic conditions to access funds in their retirement programs through loans or distributions. This article will discuss the new distribution and loan rules.

Healthcare

- [HHS extends deadline to accept or reject CARES Act Provider Relief Funds](#)

On May 7, 2020, the Department of Health and Human Services (HHS) announced an extension on the deadline for providers to accept or reject automatic payments of CARES Act Provider Relief Funds. The original 30 day deadline from receipt of payment has now been extended to give providers a total of 45 days to attest and accept the terms and conditions. If providers do not wish to accept the funds they still need to contact HHS and initiate returning the payments.

- [CARES Act: Provisions designed to aid healthcare providers in response to COVID-19](#)

From the expansion of reimbursement for telemedicine services in various situations, to financial and reimbursement support for providers impacted by COVID-19, to further streamlining the process for laboratories to offer COVID-19 testing and assuring reimbursement for such testing, the CARES Act contains many provisions designed to support healthcare providers affected by the COVID-19 emergency.

Labor and Employment

- [CARES Act: Department of Labor guidance helps employers understand new unemployment programs](#)

To assist employers, the Department of Labor has [issued](#)

[a Unemployment Insurance Program Letter 14-20](#) outlining relevant unemployment provisions of the Coronavirus Aid, Relief and Economic Security Act. The Unemployment Insurance Program Letter covers issues related to the administration of and eligibility criteria for state unemployment insurance programs and the enhanced federal provisions.

- [Expansion of work share programs under the CARES Act](#)

Among other temporary revisions to unemployment assistance programs, the recently passed CARES Act includes provisions aimed at expanding the effectiveness of state “short-time compensation” programs, also known as “work share” programs.

- [CARES Act: Understanding the temporary Pandemic Unemployment Assistance program](#)

Expanded unemployment benefits include a temporary pandemic unemployment assistance program for those not traditionally eligible for unemployment benefits, including self-employed, independent contractors, gig economy workers, and freelancers.

Nonprofit

- [The CARES Act may help your non-profit](#)

Non-profit organizations are facing challenges similar to those being faced by for-profit businesses as a result of the coronavirus crisis. Fortunately, The Coronavirus Aid, Relief, and Economic Security Act (“CARES”) signed into law on March 27, 2020 contains provisions that may be beneficial to your non-profit organization.

Real Estate

- [CARES Act tax issues for real estate](#)

The CARES Act includes provisions affecting real estate borrowers, lenders, landlords and tenants. Much attention has been given to

the forgiveness of loans made under the Paycheck Protection Program designed to keep workers employed but also to allow businesses to continue to make rent and mortgage payments. In addition, borrowers under federally backed residential loans can request forbearance for a period of, and a moratorium was placed on, some foreclosures.

- [Fed provides lifeline with Main Street Loans for landlords](#)

Unlike in the Great Recession, the Federal Reserve is giving commercial real estate owners a much-needed lifeline as some owners collected only 27% of retail rents and 73% of multifamily rents for April. On April 9, the Fed announced a \$2.3 trillion initiative including the Main Street New Loan Facility and Main Street Expanded Loan Facility

Tax and Benefits

- [IRS clarifies no deduction for PPP loan forgiveness expenses](#)

The CARES Act does not address whether deductions otherwise allowable under the tax code for payments of expenses such as rent, utilities, mortgage interest, and payroll costs and benefits paid to employees are permitted if funded with a Paycheck Protection Program loan that is subsequently forgiven. However, the IRS released [Notice 2020-32](#) on April 30, 2020, and confirmed that such double-dipping will not be allowed.

- [Required distributions for 2020 suspended for many plan participants and IRA owners](#)

The CARES Act creates a moratorium on required minimum distributions for 2020. You can take the distribution if you prefer, of course, but you will not be penalized if you do not. This will be welcome relief for people who do not want to liquidate investments

in a down market in order to satisfy the minimum distribution requirement.

- [CARES Act: No required distributions for 2020](#)

The CARES Act waives the 2020 minimum distribution requirement for many retirement plans and IRAs. You can take the distribution if you prefer, of course, but you will not be penalized if you do not. This will be welcome relief for people who do not want to liquidate investments in a down market in order to satisfy the minimum distribution requirement.

- [CARES Act: A summary of tax issues](#)

A general overview and summary of the various issues related to the CARES Act, including forgiveness of CARES Act loans, recovery rebates, charitable deductions, and more.

- [CARES Act: Employee retention credit for employers subject to closure due to the coronavirus pandemic](#)

The legislation includes a payroll tax credit for payments made to employees or businesses forced to close or reduce operations due to government mandates or that have suffered a significant loss in revenues due to the coronavirus pandemic.