

OneTree Collaborations



Key Bill Provisions of Bill – HR 748.

OneTree Collaborations has reviewed HR 748 and put together this reference guide to help you navigate the legislation and how it may help you and your business. This is not meant to be an exhaustive review of the 880 page bill. It contains a number of specialized provisions targeted at limited areas (homeless, SNAP, etc.) and provisions for larger companies. Please note that we take no responsibility for any errors that may be contained herein and recommend you do your own due diligence on the legislations.

<https://www.documentcloud.org/documents/6819239-FINAL-FINAL-CARES-ACT.html>

Small Business Provisions/Non-Profit Provisions:

- ✓ Small Business Definition – list of revenue limits by NAICS code here.
 - https://www.ecfr.gov/cgi-bin/text-idx?SID=b919ec8f32159d9edaaa36a7eaf6b695&mc=true&node=pt13.1.121&rgn=div5#se13.1.121_1201
 - Expansion up to 500 Employees
 - Excludes non-profits receiving Medicaid
 - Includes sole proprietors
 - Detailed requirements are in page 8-17 of bill
- ✓ The SBA has two programs one is utilizing the 7(a) program and a subsection called the Paycheck Protection Program the other is the SBA EIDL program. The first topic below is the Paycheck Protection Program and 7(a). Link to both programs here <https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>
- ✓ Program runs from March 1 – December 31, 2020
- ✓ Can be applied for through the SBA or most banks will be able to directly handle the program in a streamlined process so if you have an existing lender that may be the fastest route
- ✓ Can not cut staff by more than 10% through 9/30/20
- ✓ Highly compensated individuals capped at \$10,000 per month for loan purposes
- ✓ Eligible recipients may qualify for a loan up to \$10 million determined by 8 weeks of prior year average payroll plus an additional 25% of that amount and is eligible for forgiveness (per SBA) or 2.5 times average monthly payroll (per bill p 19). Forgiveness must be applied for.



- ✓ Up to \$1mm can be borrowed under the 7(a) program but only the amount above is eligible forgiveness, the remainder can be amortized for up to 10 years.
- ✓ Forgiveness reduced by ratio of average employees 1/1/2020 to 2/29/2020 to that after. If employees have been let go, they may be rehired to avoid reduction.
- ✓ Forgiveness is not considered taxable income
- ✓ Proceeds can be used for payroll, rent, mortgage, interest, utilities
- ✓ No personal guarantee required and no fees
- ✓ Any amount outstanding that has not been forgiven will have an up to 10-year amortization
- ✓ Potential to defer P&I (principal and interest) and fees for up to a year
- ✓ Originator of loan gets paid a fee from the government (p 29)
- ✓ 7(a) limit is lesser of \$10mm or:
 - The average monthly expenses on payroll times 2.5 (p 19)
- ✓ Program capped at \$350Bn
- ✓ AN IMPORTANT NOTE – while not expressly covered under the legislation, the bill strongly encourages all lenders to give a forbearance or grace period to borrowers at this time. In most cases a call to the bank will get you a 90-day reprieve to get things in order.
- ✓ Bank are also given the ability to exclude borrowers impacted by COVID-19 without it being considered a troubled debt restructuring. This gives banks a much greater ability to work with your company.
- ✓ Payroll taxes may be reduced by 50% on business that were closed because of COVID-19 but employees were retained.
- ✓ Net Operating Loss treatment modified – check with your accountant
- ✓ There are also a number of provisions regarding investment real estate which may be advantageous, again check with your accountant to see if they apply to you.
- ✓ A separate option from the 7(a) program is the EIDL SBA program <https://www.benefits.gov/benefit/1504> with eligibility for an instant \$10,000 advance that is forgiven.

Small Business Resource Development Center

- ✓ Additional funding given to allow companies who have had a supply chain impact to apply for resources to assist in planning for disasters and supply chain disruptions.
- ✓ Also available for those who have had revenue disruptions as well.
- ✓ Free program applied for through the SBA
- ✓ Resources can be applied for here <https://www.sba.gov/local-assistance/find/?type=Small%20Business%20Development%20Center&pageNumber=1&address=08002>

Personal Provisions:

- ✓ Unemployment:
 - Expanded definition to include gig economy workers, sole proprietors and part time workers as well as those with a variety of other factors (caring for family member, etc.) p 88
 - Covered period is 1/27/2020 to 12/31/2020 and maximum benefits are 39 weeks.
 - \$600 in enhanced unemployment is available through 7/31/2020. This amount is in excess of what the individual would receive under regular unemployment.
 - In cases of lower income workers, they will receive more than if they actually were working.
 - If you're current unemployment eligibility is expired you can still participate in the enhanced program and you can get an additional 13 weeks of unemployment through state benefits.
 - Removes waiting week provision
- ✓ Loans/Rent:



- Lenders are being encouraged to grant payment forbearance for affected borrowers. All federally backed mortgages are granted forbearance if you apply to your mortgage servicer (most servicers have links on their website – the servicer is who you pay your payment to).
- Period is for up to 180 days. Normal interest will accrue but no penalties.
- Multi-family mortgages that are federally guaranteed are eligible for a 30-day forbearance that can be extended for two additional 30-day periods.
- If that forbearance is taken, the landlord can't charge you late fees or other charges. They may even forgive the rent.
- Evictions are being frozen along with foreclosures. Contact your mortgage company or landlord.
- These deferrals won't impact your credit score

Rebate Provision:

- ✓ This is an important one. If you are going to make less than the maximum income for phase out of the rebate, but made more than the phaseout in 2018 and 2019, you still qualify.
- ✓ In that situation, filers would apply for the rebate on the 2020 tax return.
- ✓ If below that threshold, then \$1,200 would be scheduled for disbursement plus \$500 per child.
- ✓ A note of caution – the check you get is an advance of the 2020 tax credit. Be careful – if you were below the income limit to receive a check for 2018 or 2019, but WON'T be when you file your 2020 return, you will have to pay the money back.

Retirement Plan:

- ✓ Penalty free withdrawal from retirement plan up to \$100,000 for coronavirus hardship.
- ✓ Can be re deposited up to 3 years later.
- ✓ Must get certification of impact from plan administrator.
- ✓ Required minimum distribution requirement waived for 2020

Charitable Contributions:

- ✓ For non-itemizers, they can claim \$300 of above the line charitable contributions which can be in cash.
- ✓ Maximum contributions related to income have been relaxed.

Student Loans:

- ✓ Ability to pause payments until 9/30
- ✓ No interest on loans until 9/30
- ✓ Employers can repay up to \$5,250 in student loans for employees without a taxable impact to the employee and a tax deduction for the employer.

Health Insurance:

- ✓ COVID-19 treatment covered under insurance
- ✓ Use of Telemedicine highly encouraged.p 371
- ✓ Ability to get longer refills of prescriptions and other more flexible provisions

Pension Plans:

- ✓ There are several provisions related to pension retirement plans. Consult your pension provider/retirement plan provider for more details

