

The COVID-19 pandemic is having a serious impact on the American economy. With recent actions taken by the federal and state governments, providers who own small businesses, private practices, or operate as independent contractors may now qualify for emergency resources. We will update the following information as new developments emerge.

Below you will find information about forgivable loans and emergency grants; tax incentives; paid leave; and state disaster declarations.

Note: The following information should not be considered financial or legal advice.

THE CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT

The CARES Act was enacted on March 27 and is designed to stimulate our economy and provide relief to families and small businesses impacted by the COVID-19 public health emergency. Following are relevant highlights from the bill.

- **Unemployment:** Provides \$250 billion for an extended unemployment insurance program and expands eligibility and offers workers an additional \$600 per week for four months, on top of what state programs pay. It also extends UI benefits through Dec. 31 for eligible workers. This applies to self-employed and independent contractors.
- **Payroll taxes:** Allows employers to delay the payment of their portion of 2020 payroll taxes until 2021 and 2022.
- **Small business relief:** \$350 billion is being dedicated to preventing layoffs and business closures while workers stay home during the outbreak. Companies with 500 employees or fewer that maintain their payroll during coronavirus can receive up to 8 weeks of cash-flow assistance. If employers maintain payroll, the portion of the loans used for covered payroll costs, interest on mortgage obligations, rent, and utilities would be forgiven.
- **States and local governments:** State, local and tribal governments will receive \$150 billion. \$30 billion is set aside for states, and educational institutions. \$45 billion is for disaster relief, and

For more information about the CARES Act, the application process, and downloadable resources, you are invited to watch a [free recorded webinar sponsored by the ADA](#).

Paycheck Protection Program

Under the CARES Act, Congress established a \$350 billion [Paycheck Protection Program](#). In effect through June 30, 2020, this program provides eligible small businesses with government-backed interruption loans, which could then be forgiven based on the borrower keeping its employees on payroll.

Benefits of this program include:

- **A flexible loan to cover operating expenses.** The program provides a loan equal to 10 weeks of a company's payroll, up to \$10 million. This may be used to pay the payroll, rent, and utilities that allow a small business to keep its doors open.
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- **Loan forgiveness.** Borrowers have eight weeks of payroll, rent, mortgage payments, and utility forgiven if they maintain their workforce. Loan forgiveness is reduced relative to any layoffs or salary deductions.
- **Incentives to rehire.** While reductions in workforce usually result in a reduction in loan forgiveness, the program allows companies that already laid off workers to rehire them while still benefitting from full loan forgiveness.
- **Broadened eligibility.** Participation in the program is open to all businesses and 501(c)(3) nonprofits with fewer than 500 employees or that meet Small Business Administration's (SBA) small business criteria, as well as independent contractors
- **Streamlined application process.** The program operates directly through financial institutions, with the government waiving many requirements normally associated with such loans in order to provide small businesses relief as fast as possible. Applicants are not required to demonstrate any specific hardship, only make a good faith certification of the loan's necessity and that it will be used to retain workers.

For details on program participation, required documents, business eligibility, covered expenses, and loan forgiveness, visit [asha.org under "Things to Know 'About the Paycheck Protection Program'"](https://asha.org/under/Things-to-Know-About-the-Paycheck-Protection-Program).

EIDL Loans and Grants

In addition to the Paycheck Protection Program, the CARES Act provides relief to small businesses through [SBA's EIDL program](#), which traditionally provides operational liquidity to small businesses in disaster areas. EIDL will provide emergency \$10,000 grants to eligible businesses. These changes are in effect through the end of 2020.

For details on program eligibility, submitting an application, and grant money usage, visit [asha.org under "Things to Know 'About EIDL Loans and Grants."](https://asha.org/under/Things-to-Know-About-EIDL-Loans-and-Grants)

Tax Incentives

The CARES Act includes several tax incentives that may be of value to small business owners attempting to navigate the COVID-19 pandemic.

- **Employee Retention Tax Credit.** Allows employers to claim a refundable payroll tax credit equal to 50% of wages (maximum of \$10,000 in wages per employee) paid to employees during the crisis. The credit is restricted to employers who see a full or partial suspension of operations due to a shutdown order or who see gross receipts decline by more than 50% relative to the same quarter the previous year. For employers with more than 100 full-time employees, the credit is restricted to wages paid to employees not providing service due to COVID-19. For employers with fewer than 100 full-time employees, it is applicable to all wages.
 - **Delay of Payroll Taxes.** Allows employers to defer payment on the employer contribution of Social Security payroll taxes through the end of the year. Half of this deferred amount would be due to be paid on December 31, 2021, and the other half by December 31, 2022.
 - **Modification of Net Operating Losses (NOL).** Allows NOLs from 2018, 2019, and 2020 to be carried back five years and allow NOLs to fully offset income. This change is intended to allow businesses to use losses and amend prior year returns to provide liquidity during the outbreak.
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- **Modification on Limitation of Losses for Sole Proprietors and Pass-Throughs.** Temporarily lifts the loss limitation for sole proprietors and pass-throughs with the intention of allowing them to utilize excess losses to provide necessary cash flow.
- **Increase to Interest Expense Deduction.** Raises (from 30% to 50% of taxable income) the limitation on interest that businesses are allowed to deduct from their 2019 and 2020 taxes.
- **Technical Amendment Regarding Qualified Improvement Property (QIP).** Corrects an error in the 2017 Tax Cuts and Jobs Act (P.L. 115-97) preventing businesses from writing off facility improvement costs immediately rather than over 39 years.

For more information about COVID-19 related tax incentives, visit [the Internal Revenue Services' COVID-19 website](#).

PAID LEAVE

On March 18, 2020, P.L. 116-127 was signed into law requiring companies to provide limited paid sick and family leave to employees impacted by the COVID-19 outbreak. Two days later, the Treasury Department, Internal Revenue Service, and Department of Labor outlined their intention to implement the legislation expeditiously.

Both benefits are limited to individuals directly affected by COVID-19, whether caring for themselves or others and are only in effect through the end of the 2020. The provisions apply to employers with fewer than 500 employees; the Department of Labor can exempt certain small businesses with fewer than 50 employees, as well as health care workers and emergency responders.

The SBA has published additional resources including informative [fact sheets for employers](#), [fact sheets for employees](#), and [frequently asked questions](#).

STATE DISASTER ASSISTANCE

The SBA provides information about [state disaster assistance](#) in all 50 states, the District of Columbia, and U.S. territories.
