



# Benefits of the CARES Act for Businesses

*A very quick summary of the biggest economic bill in history for businesses*

The Coronavirus Aid, Relief, and Economic Security act – the CARES Act – is the largest economic bill in U.S. history and was designed to “provide emergency assistance and health care response for individuals, families, and businesses affected by the 2020 coronavirus pandemic.”

Spanning close to 900 pages, the CARES Act builds upon earlier versions of federal government support and is the third such bill, coming shortly after the “Coronavirus Preparedness and Response Supplemental Appropriations Act” and the “Families First Coronavirus Response Act” were approved.

Here are a few highlights that might be of interest to business owners, but it’s important to remember that not all provisions of the CARES Act are available to every business, so conversations with your advisor is highly recommended.

## Protecting Paychecks

The Paycheck Protection Program offers loans to small businesses that are fully guaranteed by the federal government. The loans are designed to cover eight weeks of operating costs during the crisis – so that means covering payroll and the costs of rent, utilities, mortgage interest, etc. These loans may be fully forgiven so long as the business complies with the federal government rules.

## Employee Retention Tax Credit

A refundable payroll tax credit up to \$5,000/employee. But in order to qualify, a business must have closed completely/partially, or revenues had to have declined by more than 50% relative to the same time last year.

## Sick and Family Leave Tax Credits

Credits for sick and family leave costs for businesses with fewer than 500 employees. Businesses are eligible to receive refundable tax credits as are businesses with no employees (sole proprietors).

## Deferral of Social Security Taxes

Businesses can defer payment of the employer share of Social Security tax incurred from March 27<sup>th</sup> through December 31<sup>st</sup>, but the deferred taxes must be paid over two years.

## It’s Complicated

As a business owner, you’ll have choices to make when deciding which benefit to use. For example, a business cannot apply both the Paycheck Protection program and the employee retention tax credit. There are a lot of nuances within the CARES Act to think through. Talk to your advisor.