

The CARES Act Provides Relief for Businesses and Individuals

Forgivable Loans and Paycheck Support

Paycheck Protection Plan Forgivable Loan

Eligible borrowers can receive qualifying loan amounts that can be used to pay rent and payroll expenses for 8 weeks of operations.

See [here](#) for more detailed information on forgivable loans and paycheck support plus other options for business survival and employee retention.

Payroll Tax Deferral and Payroll Tax Credits

Employers can defer payments of payroll taxes due in 2020. Such payments become due ½ in January 2021 and ½ in January 2022. Various tax credits are available for emergency paid sick leave, public health emergency leave and employment retention.

See [here](#) for more detailed information on tax changes that will affect business response to COVID-19.

Retirement Plan Provisions For Coronavirus-Related Distributions and Waiver of Required Minimum Distributions

The CARES Act includes provisions that allow individuals to utilize their retirement funds as a resource during the coronavirus pandemic without the usual penalties. In addition, the Act includes provisions that allow deferral of minimum distributions to avoid being required to withdraw funds at a time when the stock market is uncertain.

See [here](#) for detailed information on retirement plan provisions.

Tax Provisions Related to Coronavirus

Rules regarding carryback of net operating losses and business interest deductions are liberalized. A technical amendment regarding Qualified Improvement Property is included. Partial above the line charitable deductions are permitted. Caps on contribution limits are increased. Employee retention credit is provided.

See [here](#) for more information.

Increased Threshold for Small Business Bankruptcy Re-Organization (Section 1113)

Recently, the Small Business Reorganization Act became effective, creating a new cost-effective method for small businesses to re-organize under the bankruptcy code. This “Subchapter 5” re-organization is faster and less expensive than a traditional Chapter 11 bankruptcy re-organization, but it was originally limited to businesses with debts of \$2,725,624 or less. The CARES Act expands the definition to include businesses with debts up to \$7.5 million. The debt counted includes the aggregated noncontingent, liquidated, secured and unsecured debt, excluding insider and affiliate debt. This expansion will allow more businesses to use the streamlined bankruptcy re-organization provisions, but this expansion will sunset one year after final execution of the CARES Act.

The CARES Act also modifies chapter 7 and 13 of the bankruptcy code, ensuring that income received as a result of the CARES Act is excluded from income under chapter 7, as well as the calculation of disposable income under chapter 13. The Act also allows modification to chapter 13 approved plans if the modification is a result of material financial hardship due to the Coronavirus. Again, these provisions sunset one year after final execution of the CARES Act.