



Coronavirus – Employer Update

Updated March 30, 2020

The \$2 trillion stimulus package, the “CARES” Act (Coronavirus Aid, Relief and Economic Security Act) was signed into law on March 27, 2020. The highlights:

- **Paycheck Protection Provision**

Small businesses (under 500 employees) are eligible for a loan in an amount equal to 2.5 times their payroll costs up to \$10 million. Wages, tips, benefits and taxes are included. Loans can be used for payroll, benefits, wages, rent and utilities. The company (including non-profits, independent contractors and self-employed individuals), must have been in operation on February 15, 2020. **There is a “forgiveness” provision for an 8-week period.** Loan recipients can use the proceeds to cover certain business costs, including payroll, healthcare premiums, salaries and compensation (up to \$100,000/annually per individual), as well as payments on mortgage interest, rent and utilities. Employers who reduce the number of employees on their payroll or reduce the compensation of the employees on their payroll, will be still be eligible for the “forgiveness” but there will be a corresponding deduction. A helpful summary:

https://www.uschamber.com/sites/default/files/023595_comm_corona_virus_smallbiz_loan_final_revised.pdf

- **Unemployment Compensation**

Unemployment benefits have been expanded, and independent contractors and “gig workers” are now eligible. Also eligible are persons without sufficient work history. Those who can telework are excluded. The individual’s loss of employment has to be related to COVID-19, but the definition is fairly broad. The weekly benefits have been increased by \$600 and the total number of weeks is now 39 weeks. The separation of employment date must be between January 27, 2020 - December 31, 2020. The states are required to enter into an agreement with the Secretary of Labor and upon execution of this agreement, 100% of the amount paid to individuals will be funded by the federal government.

- **Direct Payments to Taxpayers**

Taxpayers will receive a one-time payment of \$1,200 (\$2,400 for couples filing jointly) for those taxpayers making \$75,000 or less annually. A reduced payment will be paid to those single earners who made \$99,000 or less, while the cut-off for couples is \$198,000. Families would also receive \$500 per child. Direct deposits could occur in April, but paper checks may take more time. About 90% of Americans will receive a direct payment.

- **State and Federal Income Tax Due Dates**

Governor Baker announced that the due date for state income taxes will be extended to July 15th, from April 15th to match the federal tax due date extension.

First Beacon Group LLC will continue to provide guidance on coronavirus and the potential impact on our workplaces. For more information, please contact Pattie Hunt Sinacole at psinacole@firstbeacongrou.com or (508)435-9889.