

# CORONAVIRUS ASSISTANCE GUIDE

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# ASSISTANCE FOR INDIVIDUALS

## DIRECT PAYMENTS

- Each individual will receive **\$1,200** or **\$2,400** for married taxpayers, plus **\$500** per child.
- The direct payments are phased out based on the following income ceilings:
  - Individuals adjusted gross income (AGI) limit is **\$75,000**.
  - Head of household income limit is **\$112,500**.
  - Married couple's income limit is **\$150,000**
- If income is above the applicable limit, the amount of the direct payment is reduced by 5% for every \$1 of income above the income ceilings. Therefore, the direct payment is phased out for any individual filers with AGI above \$99,000, Head of household filers above \$145,500 and married couples with AGI above \$198,000.
- The taxpayer's income is determined based on their 2019 income tax return and if they have not filed their 2019 return then it will be determined based on their 2018 tax return.
- If someone does earn more than the income ceiling thresholds in 2020, they will not be required to pay any portion of the direct payment back. However, if the eligible individual's 2020 income is lower than the 2019 or 2018 income used to determine the rebate payment such that the individual should have received a larger payment, the eligible individual will be able to claim an additional credit when they file their 2020 income tax
- The Treasury department said direct deposits will be made within 3 weeks and paper checks will take a few weeks longer.
- Individuals who have previously filed their income tax returns electronically, will receive their payment by direct deposit based on the banking information provided on their last tax return. Individuals that have not provided the IRS with their banking information will receive a check in the mail.

## UNEMPLOYMENT BENEFITS

The **Pandemic Unemployment Assistance Program** provides the following:

- All employees, freelancers, gig economy workers, and self-employed individuals are eligible.
- Unemployed workers will receive an additional amount of up to \$600 per week.
- Unemployment benefits will be extended for 13 weeks beyond the prior maximum time period of 26 weeks.
- Applications should still be made at the state level by phone or online.

## MEDICARE/MEDICAID

- Coronavirus lab tests will be provided with no out-of-pocket costs.
- All medical Coronavirus related medical costs, including hospitalization, vaccines and telemedicine, will be covered by Medicare or Medicaid programs.
- For more information visit: <https://www.medicare.gov/medicare-coronavirus.com>

## STUDENT LOAN PAYMENT DEFERAL

- Borrowers with federal student loans will be permitted to defer payments penalty free until 9/30/20.
- Borrowers must submit a written request for deferral from their loan servicing company.
- The interest rate for all student loans that are not in default will be reset to 0% until September 30, 2020
- Financial firms are temporarily barred from processing any garnishments from paychecks, tax refunds and Social Security payments, etc. for borrowers in default.
- Employer-paid student loan payment reimbursements are temporarily excluded from taxable income.

## RETIREMENT PLAN CHANGES

### REQUIRED MINIMUM DISTRIBUTIONS (RMDs) WAIVED FOR 2020

- The CARES Act that passed on March 27, 2020 waives all required minimum distributions from retirement accounts for 2020. This waiver also includes the elimination of first-year distributions for taxpayers who elected to delay their first RMD until April 2020.
- Inherited IRA accounts are included and account holders are not required to take an RMD in 2020.
- If you have already taken your 2020 distribution, you may be eligible for a 60-day rollover to recontribute these funds to your IRA if you do not need the cash.

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### PENALTY FREE DISTRIBUTIONS FROM RETIREMENT PLANS

- Up to \$100,000 may be withdrawn penalty-free from IRA's and other retirement plan accounts to pay living expenses if you, your spouse or a dependent is diagnosed with Coronavirus or if you experience adverse financial consequences as a result of being quarantined, furloughed, laid off, as a business owner.
- By default, the income tax on the distribution is split evenly across the 2020, 2021, and 2022 tax years, or
- You can choose to elect to include all of the income in your 2020 income, or
- Funds may be repaid over a three-year period back into a retirement account, and any taxes paid on the distribution may be reclaimed as a refund by filing an amended tax return.

## INCOME TAX EXTENSION

- The federal tax return filing and payment deadlines are now July 15, 2020.
- Estimated tax payments for Q1 2020 are also extended until July 15<sup>th</sup>.
- The IRS may also waive penalties and interest for taxpayers that have a past due tax liability.
- Self-employed individuals are eligible to receive paid sick leave benefits in the form of a tax credit.

# ASSISTANCE FOR BUSINESSES

## SMALL BUSINESS LOANS (PAYCHECK PROTECTION PROGRAM)

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### ELIGIBILITY

- Businesses (including sole proprietors and self-employed) and non-profits that have less than 500 employees.
- That meet the Small Business Administration's industry-based "size standard" requirements for the applicable NAICS code (based either on number of employees or annual receipts)
- Must have been substantially affected by Coronavirus, which is interpreted as:
  - Supply chain disruptions;
  - A decrease in revenue or loss of customers; or
  - Shuttered businesses

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### LOAN DURATION & AMOUNT

- Maximum maturity of 10 years, the amount to be the lesser of \$10 million or 2.5x the average total monthly payroll costs incurred during the prior 12 months before the date of the loan.
- No personal guarantee or collateral will be required
- Payments may be deferred 6-12 months, prepayment fees are waived, and loans are eligible for forgiveness

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### ALLOWABLE USE OF FUNDS

- Payroll support (for employees with up to \$100k annual salary), including paid sick, medical, or family leave, and costs related to the continuation of group health care benefits during those periods of leave.
- Utilities & Rent expenses
- Mortgage payments and any other debt obligations that were incurred before the covered period.

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### LOAN FORGIVENESS REQUIREMENTS

- An eligible recipient will be eligible for forgiveness of indebtedness in an amount equal to the cost of maintaining payroll continuity and other allowable costs for 8 weeks from the loan origination.
- Loans will be issued by SBA 7(a) preferred lenders and borrowers must provide the documentation on the number of full-time equivalent employees, payroll costs and other allowable costs:
  - Payroll tax filings reported to the IRS;
  - State income, payroll, and unemployment insurance filings; and
  - Financial statements verifying payments on debt obligations incurred before the covered period;
- Interest rates, underwriting standards, and other terms are still to be determined.
- Borrowers may not receive an EIDL loan and a Paycheck Protection Program loan for the same purpose.

## SBA ECONOMIC INJURY DISASTER LOAN PROGRAM (EIDL)

- Loans are available up to \$2,000,000
- Small businesses are eligible, including ESOP's, and non-profits affected by the coronavirus in disaster areas. For more information visit: <https://www.sba.gov/disaster-assistance/coronavirus-covid-19>
- Interest rate is 3.75% for small businesses
- Term of the EIDL loan is variable, but cannot be longer than 30 years
- Apply online directly with the SBA at <https://disasterloan.sba.gov/ela/> using "Economic Injury" as the reason, or call the SBA disaster center at 1-800-659-2955, or email [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov)

## EMERGENCY GRANTS

- Advance of \$10,000 within 3 days available to U.S. business owners with 500 or fewer employees. This can only be used to provide paid sick leave, maintain payroll, or meet other debt obligations.
- For more information visit: <https://www.sba.gov/funding-programs/disaster-assistance>

## EMPLOYEE RETENTION CREDIT

- Employers may receive a refundable payroll tax credit equal to the lesser of 50% of qualified wages or \$5,000 per employee for wages paid to employees after March 12, 2020 and before January 1, 2021 if business activities were disrupted or suspended due to the shelter in place orders for containing the spread of the virus.
- Businesses whose operations were not disrupted but experienced a decline in revenue due to the virus, can also receive the same credits if gross receipts fell 50% as compared to the same quarter in the previous year.
- Credits will continue until gross receipts exceed 80% of the same quarter's gross receipts in the previous year.

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## ELIGIBILITY

- Credit can be claimed by employers with an average of more than 100 employees for all employees who are retained, but not currently working, as a result of Coronavirus.
- For employers with an average of fewer than 100 employees, all wages paid qualify for the credit so long as the other requirements are met.
- Credits cannot be claimed for any wages paid by an SBA loan.

## CREDIT SUPPORT FOR AFFECTED BUSINESSES

- The Secretary of Treasury is given discretion to determine which businesses will be beneficiaries of the credit support, but it is likely to include businesses that would not otherwise qualify for the Small Business Interruption Loans assistance, such as businesses with more than 500 employees.
- The Secretary will be authorized to make loans, guarantees and other investments (such as an equity stake or warrants) in support of eligible businesses as well as states and municipalities not to exceed \$500 billion.
- An independent committee will oversee the program.