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CARES Act Update: How the \$2.2 Trillion Relief Impacts Businesses and Employers

Insight — March 27, 2020

On March 27, 2020, President Trump signed into law H.R. 748, the Coronavirus Aid, Relief and Economic Security (CARES) Act bill. This historic legislation provides \$2 trillion of relief to help the millions of workers and businesses impacted by the COVID-19 pandemic. In addition to the direct financial aid for individuals, the legislation provides expansive relief for small and large businesses, including payroll and operational support for small businesses, and loan assistance for distressed large industries.

The massive bill provides relief in four main categories – workforce protections, including expanded unemployment eligibility; incentives to retain employees and relief to employers in the form of loans; and support for the healthcare industry as it grapples with an unprecedented crisis in the face of dwindling supplies.

The sheer breadth of the stimulus relief will be a herculean task for the federal government to implement. We continue to monitor the CARES Act implementation and provide updates as guidance is issued.

RELIEF FOR SMALL BUSINESSES

Paycheck Protection/Economic Injury Disaster

Susie Brancaccio, Timothy Crisp, Laurie Rogers

The CARES Act amends the Small Business Act to provide up to \$349 billion in emergency Paycheck Protection Loans and up to \$10 billion in Economic Injury Disaster Loans to small and medium-sized businesses and nonprofit organizations affected by the COVID-19 pandemic.

[Read more...](#)

RELIEF FOR LARGE BUSINESSES

Economic Stabilization Loans/Troubled Debt/Transportation Industry

JoAnna DeWald

Large to medium sized businesses that do not qualify for SBA or EIDL loans may qualify for Economic Stabilization and Assistance Loans or loan



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guarantees, subject to certain terms and restrictions. Large businesses also may also be eligible for debt restructuring through their bank.

[Read more...](#)

EMPLOYEE BENEFITS RELIEF

Increased Distributions and Loans from Plans/Elimination of RMD

Benjamin Gibbons

The CARES Act increases available plan distributions and the amount of loans available from plans to participants. The Act also waives required minimum distribution requirements for 2020.

[Read more...](#)

UNEMPLOYMENT INSURANCE RELIEF

Expanded Benefits/Short Time Compensation

Karina Sargsian

The CARES Act establishes a temporary pandemic unemployment program for individuals who are ineligible for regular compensation or extended benefits. The Act significantly expands the number of individuals who are eligible for unemployment benefits, including those who are not currently eligible for such benefits under state programs. The new benefits will be available from January 27, 2020 to December 31, 2020 and the CARES Act provides funding to pay for the cost of the first week of unemployment for those states that waive the one week waiting period.

[Read more...](#)

FFCRA CLARIFICATION

Emergency FMLA/Sick Leave/Payroll Tax Credits

Tyson Horrocks

The proposed language in the CARES Act includes important revisions and/or clarifications to the Families First Coronavirus Response Act ("FFCRA") passed by Congress on March 18, 2020.

[Read more...](#)

TAX RELIEF

Payroll Tax/Corporate Tax

Karen Dean, Diana Myers

The CARES Act provides additional payroll tax credits, suspends certain excise taxes, and modifies certain provisions of the 2017 Tax Cuts and Jobs Act (“TCJA”). Each of the provisions provides relief designed to increase cash flow and liquidity to help businesses weather the pandemic.

Read more...

HEALTHCARE

Health Provisions/Medicare & Medicare Extenders/OTC Drugs

Karina Sargsian, Kim Stanger

The CARES Act adopts several measures to help stabilize the healthcare system, address health care issues directly and indirectly related to the current pandemic and ensure future preparedness. It also allocates \$100 billion of direct funding to help hospitals keep their doors open. Many of the provisions are only tangentially related to the current pandemic, such as re-appropriations for a variety of health programs.

Read more...

We encourage you to visit Holland & Hart's Coronavirus Resource Site, a consolidated informational resource offering practical guidelines and proactive solutions to help companies protect their business interests and their workforce. The dynamic Resource Site is regularly refreshed with new topics and updates as the COVID-19 outbreak and the legal and regulatory responses continue to evolve. Sign up to receive updates and for upcoming webinars.

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