

The Coronavirus Aid, Relief and Economic Security Act

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On March 27, 2020, President Trump signed into law the [Coronavirus Aid, Relief and Economic Security \(CARES\) Act](#). This law provides aid and relief to help ease the economic burden on both workers and employers as a result of COVID-19.

WORKERS

Expanded Unemployment Insurance

- Employees who qualify for unemployment insurance will be eligible to receive an additional **\$600 per week** from the federal government. This extended benefit will be available until the end of July 2020.
- The act extends unemployment benefits for an additional **13 weeks**. Extensions will be granted to those who are already collecting unemployment benefits.
- **Self-employed, freelance, and contract workers** may also qualify for unemployment insurance benefits under the act.

Individual Tax Payer Credit

- Individual tax payers with a gross income of **less than \$75,000** will receive a one-time payment of **\$1,200**.
- Joint tax payers with a gross income of **less than \$150,000** will receive a combined, one-time payment of **\$2,400** and an additional **\$500 per child**.
- These payments will be based on 2018 and 2019 tax returns.
- Tax refunds will be adjusted accordingly for those with a gross income of more than \$75,000 (up to \$99,000).

EMPLOYERS

Small Businesses (Fewer than 500 employees)

- Employers may apply to receive an emergency grant up to **\$10,000** to help cover any immediate costs related to COVID-19.
- Employers may apply to receive SBA loans up to **\$10 million**. These loans may be forgiven if employees are employed through June and portions of the loan are used to pay for payroll, mortgages, or other existing debts.
- Employers may be eligible for assistance in covering up to **6 months of payments** for any current business loans.

Large Businesses (More than 500 employees)

- The act provides for \$500 billion in lending assistance for eligible large businesses.

EMPLOYER PAYROLL TAXES

Employee Retention Credit

- Businesses that have closed or limited operations due to COVID-19 may receive a payroll tax credit each quarter up to **50% of its employees' qualified wages** (up to \$10,000). The credit may not exceed the amount owed in employment taxes each quarter.
- **Please Note:** Employers who receive a SBA loan under this act will not be eligible for the tax credit.

Employer Payroll Taxes

- The act allows employers to defer their share of employment taxes from **March 27, 2020** through **December 31, 2020**.
- Employers will have until **December 31, 2021** to pay the first half of the taxes and will have until **December 31, 2022** to pay the second half of the taxes.

"FAMILIES FIRST CORONAVIRUS RESPONSE ACT" (FFCRA): RE-HIRED EMPLOYEES

Emergency Paid FMLA Leave

- The CARES Act added a provision to the FFCRA that allows **re-hired employees** to be eligible for paid FMLA leave if an employee was laid-off on March 1, 2020 or later and worked at least 30 of the last 60 days for the employer prior to being laid-off.

ADDITIONAL HEALTHCARE COVERAGE (FSA, HSA, & HRA)

Telehealth Visits (HSA Qualified Health Plans)

- The act allows High Deductible Health Plans (HDHP) to cover the cost of telehealth visits (even if not related to COVID-19) for any plans beginning on or before December 31, 2021.

Over-the-Counter Medication

- Over-the-counter medication may now be paid for using FSA, HSA, or HRA funds without a doctor's prescription.
- Menstrual products (purchased after December 31, 2019) may now be paid using FSA, HSA, or HRA funds.

If you have any additional questions, please contact me at adillingham@benefitreview.com

Disclaimer: This Compliance Alert is for informational purposes only. It is not intended to be exhaustive and should not be construed as or substituted for legal or tax advice. Please consult with legal counsel or a tax advisor for further guidance.

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