

## [The CARES Act: Phase III of the Covid-19 Economic Stimulus Becomes Law](#)

The ASA and NCCAOM, in conjunction with federal lobbyist Molly Giammarco, have provided this summary and breakdown of the historic Stimulus Package with a link below to each section for additional information. Please note that there may be updates of this Act provided, as deemed necessary.

On March 27, the U.S. House of Representatives passed [S. 3548, the CARES \(Coronavirus Aid, Relief, and Economic Security\) Act](#), a ~\$2 trillion economic relief and stimulus package for individuals, health facilities, states, and businesses affected by Covid-19. President Donald Trump also signed this bill into law on March 27, 2020, implementing the largest fiscal-relief packages in U.S. history.

The stimulus seeks to provide support to small business owners so they keep their employees on their payrolls and mitigate current and future economic disruptions.

*The following CARES Act provisions are especially relevant to acupuncturists, acupuncturist students, and acupuncturists' employees:*

### Title I—Keeping American Workers Paid and Employed Act

#### **Section 1102: Paycheck Protection Program**

The CARES Act establishes a Business Loan Program category through the Small Business Act that enables the Small Business Administration (SBA) to 100-percent guarantee federally backed loans to eligible businesses through December 31, 2020. The covered loan period is February 15, 2020 through June 30, 2020.

The CARE Act waives borrower and lender fees for those who participate in the Paycheck Protection Program and sets a 4-percent maximum interest rate. Subject to certain conditions, loan amounts are forgivable. These provisions apply to sole-proprietors, independent contractors, and other self-employed individuals.

Learn more about the [SBA's Covid-19 Response](#).

#### **Section 1106: Loan Forgiveness for Qualified Small Business Loans**

Employers' small business loans may be eligible for loan forgiveness for the amount the borrower spent on payroll, sick and family leaves, and certain overhead expenses during the eight-week period after the loan's origination date prior to February 15, 2020. Eligible amounts may not exceed \$100,000 in wages.

The SBA will forgive loan amounts proportionate to the number of employees the borrower retained compared to the prior year. Any unforgiven loan amounts will carry forward as an ongoing loan with a maximum 10-year term and a 4-percent maximum interest rate.

Read more about the [SBA's Covid-19 Small Business and Loan Guidance](#).

#### **Section 1108: Minority Business Development Agency**

The CARES Act provides \$10 million in grants to the Department of Commerce's Minority Business Development Agency to provide small businesses counseling, training, and education on federal resources and business response to COVID-19. This provision waives the Minority Business Center program's required non-federal match for three months and waives fee-for-service requirements through September 2021.

Read more about the [U.S. Department of Commerce's Minority Business Development Agency](#).

#### **Section 1110: Emergency Economic Injury Disaster Loans (EIDL)**

The Economic Injury Disaster Loan program provides advances of up to \$10,000 within three days of approval individuals operating as a sole proprietor or an independent contractor between January 21, 2020 and December 31, 2020. These loans would help business owners cover salaries, sick and family leave, rent, health benefits, insurance premiums, utilities, and other overhead costs. The loans would be awarded until the \$10 billion is depleted.

The SBA will use applicants' credit scores or alternative method to determine eligibility. Borrowers may request three-day EIDL advances of up to \$10,000 to cover payroll, sick leave, mortgage or rent, or other business overhead costs within three days of approval.

Eligible candidates will need to prove their businesses were operational on February 15, 2020 and paid employee salaries and payroll taxes, and/or paid independent contractors.

Read more about [SBA Emergency Economic Injury Disaster Loans](#).

#### **Section 1112: Small Business Administration Loan Payments**

The SBA will pay the principal, interest, and associated fees that individuals owe on 7(a), 504, or microloans for six months from the borrower's next payment due date. The SBA will continue to pay loans currently deferred for an additional six months from the next payment due date.

Read more about the [SBA's Covid-19 Small Business and Loan Guidance](#).

### **Title II – Assistance for American Workers, Families, and Businesses**

#### ***Subtitle A – Unemployment Insurance Provision***

### **Section 2102: Pandemic Unemployment Assistance**

The CARES Act creates a temporary Pandemic Unemployment Assistance program to provide unemployment assistance to those not traditionally eligible for such benefits (e.g. self-employed, independent contractors, those with limited work history) who are unable to work as a direct result of Covid-19 through December 31, 2020.

Read more about the [Department of Labor's Covid-19 Response](#).

### **Section 2104: Emergency Increase in Unemployment Compensation Benefits**

Unemployment insurance recipients and Pandemic Unemployment Assistance recipients may receive an additional \$600 each week for a maximum of four months.

Learn more about [Covid-19 Unemployment Insurance Expansions](#).

### **Section 2107: Pandemic Emergency Unemployment Compensation**

The CARES Act provides an additional 13 weeks of unemployment benefits through December 31, 2020 for individuals who remain unemployed due to Covid-19 and no longer receive state unemployment benefits.

Read more about the [Department of Labor's Covid-19 Response](#).

### **Section 2108: Temporary Financing of Short-Time Compensation Payments in States with Programs in Law**

Employees who receive reduced hours rather than lay-offs may be eligible for "short-time compensation" programs and receive a pro-rated unemployment benefit through December 31, 2020.

### ***Subtitle B – Rebates and Other Individual Provisions***

#### **Section 2201: 2020 Recovery Rebates for Individuals**

All U.S. citizens with work-eligible social security numbers who earn up to \$75,000 (single filers) or \$150,000 (joint filers) will receive federal-income tax rebates of up to \$1,200 (single filers) and \$2,400 (joint-filers) in 2020.\* Joint filers will also receive \$500 for each child (dependent).

\*The total rebate amount will depend on filers' total earnings based on their 2018 or 2019 tax returns.

Learn more about the [Covid-19 Individual Tax Rebates](#).

### **Section 2202: Special Rules for Retirement Fund Use**

Individuals may withdrawal a maximum of \$100,000 from retirement funds without incurring tax penalties if the individual, the individual's spouse, or dependents are diagnosed COVID-19, or experience financial setbacks resulting from quarantines, furloughs, lay-offs, due to Covid-19. This is effective for 2020.

Read more about the [Internal Revenue Services' Covid-19 Response](#) as it becomes available.

### **Section 2203: Temporary Waiver for Required Minimum Distribution Rules for Certain Retirement Plans and Accounts**

The CARE Act waives the required minimum distribution rules for certain defined contribution plans and IRAs for 2020. This provision provides relief to individuals who would otherwise have to withdraw funds from these accounts during the economic ramifications of Covid-19.

Read more about the [Internal Revenue Services' Covid-19 Response](#) as it becomes available.

### **Section 2206: Excludes Certain Employer-Student Loans Payments**

Employers can provide repay up to \$5,250 of an employee's student loans on a tax-free basis if the payments are separate from the employee's income. The \$5,250 cap also applies to educational assistance (e.g., tuition, fees, books) that the employer already provides. The provision applies to any student loan an employer makes before January 1, 2021.

Learn more about the [Department of Education's Covid-19 Response](#) as it becomes available.

## ***Subtitle C – Business Provisions***

### **Section 2301: Employee Retention Credit for Employers Subject to Covid-19-Related Closures**

Employers whose operations were fully or partially suspended because of COVID-19- experience 50-percent business declines compared to the same quarter in the prior year may receive a refundable payroll tax credit for 50 percent of wages that they pay to employees during the COVID-19 crisis.

The credit covers the first \$10,000 of compensation, including health benefits that an employer pays to an eligible employee from March 13, 2020 through December 31, 2020.

Read more about the [Internal Revenue Services' Covid-19 Response](#) as it becomes available.

### **Section 2302: Employer Social Security Tax Deferments**



Employers and self-employed individuals can defer paying their employer-related Social Security taxes through December 31, 2020. Those who defer these payments would make payments on these amounts throughout 2021 and 2022 and would need to pay half of the required amount by December 31, 2021, and completely fulfil these payments by December 31, 2022.

Read more about the [Internal Revenue Services' Covid-19 Response](#) as it becomes available.

Small-Business Eligibility Definitions:

- The SBA defines small business as 500 employees (includes full-time, part-time, and those employed on other bases).
- If applicable, the size standard in number of employees established by the Administration for the industry in which the entity operates.

The ASA and NCCAOM understands that this is a difficult and uncertain time for acupuncturists, their staffs, students, and families. State and federal stimulus and relief initiatives will continue to develop. The ASA and NCCAOM will continue to monitor and update acupuncturists with new developments. Acupuncturists should also check with their states for stimulus resources, practice guidance, and relief packages for healthcare workers affected by Covid-19.