

## Employee Retention Credit

*Section 2301. Employee retention credit for employers subject to closure due to COVID-19.*

The provision provides a refundable payroll tax credit for 50 percent of wages paid by employers to employees during the COVID-19 crisis. The credit is available to employers whose (1) operations were fully or partially suspended, due to a COVID-19-related shutdown order, or (2) gross receipts declined by more than 50 percent when compared to the same quarter in the prior year. The credit is based on qualified wages paid to the employee. For employers with greater than 100 full-time employees, qualified wages are wages paid to employees when they are not providing services due to the COVID-19-related circumstances described above. For eligible employers with 100 or fewer full-time employees, all employee wages qualify for the credit, whether the employer is open for business or subject to a shut-down order. The credit is provided for the first \$10,000 of compensation, including health benefits, paid to an eligible employee. The credit is provided for wages paid or incurred from March 13 through December 31, 2020.

## Payroll Tax Payments

*Section 2302. Delay of payment of employer payroll taxes.*

The provision allows employers and self-employed individuals to defer payment of the employer share of the Social Security tax they otherwise are responsible for paying to the federal government with respect to their employees. Employers generally are responsible for paying a 6.2-percent Social Security tax on employee wages. The provision requires that the deferred employment tax be paid over the following two years, with half of the amount required to be paid by December 31, 2021 and the other half by December 31, 2022. The Social Security Trust Funds will be held harmless under this provision.

# Coronavirus Preparedness and Response Supplemental Appropriations Act

## What is it?

Signed into law on March 6, [The Coronavirus Preparedness and Response Supplemental Appropriations Act](#) provides \$8.3 billion in emergency funding for federal agencies to respond to the coronavirus outbreak, enabling the U.S. Small Business Administration to offer [\\$7 billion in disaster assistance loans](#) to small businesses impacted by COVID-19.

## What does it mean for small business?

- The SBA is offering designated states and territories low-interest federal disaster loans to small businesses suffering substantial economic harm as a result of the coronavirus.
- These loans may be used by small businesses to pay fixed debts, payroll, accounts payable and additional bills that can't be paid because of COVID-19's impact. The interest rate is 3.75% for small businesses without other available means of credit. The interest rate for non-profits is 2.75%. Businesses with credit available elsewhere are not eligible.
- The SBA loans come with long-term repayments, up to a maximum of 30 years, in an effort to keep payments affordable. Loan terms are determined on a case-by-case basis, according to individual borrower's ability to repay.
- The SBA has amended its [disaster loan criteria](#) to help borrowers still paying back SBA loans from previous disasters. By making this change, deferments through December 31, 2020, will be automatic. Hence, borrowers of home and business disaster loans do not have to contact SBA to request deferment.