

Guide to Tax & Unemployment Benefits

Tax & Unemployment Benefits CARES Act Overview

TAX BENEFITS

The CARES Act makes select changes to taxes and tax policies in order to increase cash flow for businesses impacted by COVID-19. [IRS site.](#)

Discuss with a tax professional which can apply to your company.

Payments For Individuals [↗](#)

- It is anticipated those who make less than \$75,000 a year will receive direct payments of \$1,200 per individual (\$2,400 joint return) plus \$500 per child. This will phase out for incomes above \$75,000 (\$150,000 joint filings).
- This provides short term income to your employees.

Incentives for Maintaining Payroll [↗](#)

- Businesses are eligible for an employee retention tax credit if 1) your business operations were fully or partially suspended due to a COVID-19 shut-down order; or 2) gross receipts declined by more than 50% compared to the same quarter in the prior year.
- Eligible businesses can get a refundable 50% tax credit on wages up to \$10,000 per employee. The credit can be obtained on wages paid or incurred from March 13, 2020, through December 31, 2020.

Defer Social Security Tax Payment [↗](#)

- Businesses and self-employed individuals can delay their payroll tax payments. These payments, the employer share of Social Security tax owed for 2020, can instead be deferred and paid over the next two years. Fifty percent must be paid by the end of 2021 and 50% must be paid by the end of 2022. (Note: The ability to defer these taxes does not apply to a business that has a Paycheck Protection loan forgiven.)

Relaxed Net Operating Loss (NOL) [↗](#)

- Businesses that have net operating losses (NOLs) have some limitations relaxed. If your business had an NOL in a tax year beginning in 2018, 2019, or 2020, that NOL can now be carried back five years instead. This may improve cash flow and liquidity for some businesses. Pass-through businesses and sole proprietors will also be able to take advantage of the relaxed NOL limitations.

Refund Corporate AMT Credits [↗](#)

- Businesses that were due to receive corporate alternative minimum tax (AMT) credits at the end of 2021 can instead claim a refund now, in order to improve cash flow during the COVID-19 emergency.

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Increase Interest Expense Deductions [↗](#)

- Businesses will be able to increase their business interest expense deductions on their tax returns. For 2019 and 2020, the amount of interest expense businesses are allowed to deduct on their tax returns is increased to 50% from 30% of taxable income.

Write Off Facility Improvements [↗](#)

- Businesses, especially those in the hospitality industry, will be able to immediately write off costs associated with improving facilities, increasing cash flow.

UNEMPLOYMENT BENEFITS

The CARES Act makes small changes to the [Families First Coronavirus Response Act \(FFCRA\)](#) in regards to paid sick leave, paid FMLA and more. It is important to understand how these changes impact your business and your employees.

Family & Medical Leave Cap [↗](#)

- Paid family and medical leave (FMLA) under the FFCRA is capped at \$200 per day and \$10,000 total per employee.

Sick Leave Cap [↗](#)

- Paid sick leave under the FFCRA is capped at \$511 per day and \$5,110 total per employee. This amount drops to \$200 per day and \$2000 total for sick leave taken by an employee in order to care for a family member in quarantine or care for a child whose school has closed.

Rehires Eligible [↗](#)

- Workers that were laid off after March 1, 2020, but then rehired, are eligible for paid FMLA leave provisions described in the FFCRA immediately instead of needing to be an employee for 30 days.

Keep Payroll Tax Deposits [↗](#)

- Businesses can keep money that they would have deposited for payroll taxes in anticipation of refunds from the Treasury Department for paid sick leave and paid FMLA leave outlined by the FFCRA, including amounts that would have been refunded later.