

# The Capital Law Firm, P.A.

## Federal, State and County Resources RE: COVID-19

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### Federal COVID-19 Resources

**Families First Coronavirus Response Act** - (FFCRA) was signed into law on March 18, 2020. The FFCRA provides a host of benefits, one of the most prominent being paid leave for employees so they can deal with the effects of the coronavirus. These benefits are available starting April 1, 2020. The Act requires certain employers to provide their employees with paid sick leave or expanded family and medical leave for specified reasons related to COVID-19. The Department of Labor's (Department) Wage and Hour Division (WHD) administers and enforces the new law's paid leave requirements. [See DOL](#)

**Federal CARES Act** – The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) is unprecedented economic relief legislation that appropriates approximately 2.2 trillion dollars to address the economic contraction caused by COVID-19 pandemic. Below are summaries of some key provisions of the CARES Act.

**Paycheck Protection Program** - (PPP) The program would provide cash-flow assistance through 100 percent federally guaranteed loans to employers who maintain their payroll during this emergency. If employers maintain their payroll, the loans would be forgiven, which would help workers remain employed, as well as help affected small businesses and our economy snap-back quicker after the crisis. PPP has a host of attractive features, such as forgiveness of up to 8 weeks of payroll based on employee retention and salary levels, no SBA fees, and at least six months of deferral with maximum deferrals of up to a year. Small businesses and other eligible entities will be able to apply if they were harmed by COVID-19 between February 15, 2020 and June 30, 2020. This program would be retroactive to February 15, 2020, in order to help bring workers who may have already been laid off back onto payrolls. Loans are available through June 30, 2020. [See Treasury Dept Fact Sheet](#)

**Employee Retention Credits** - The Employee Retention Credit is a fully refundable tax credit for employers equal to 50 percent of qualified wages (including allocable qualified health plan expenses) that Eligible Employers pay their employees. This Employee Retention Credit applies to qualified wages paid after March 12, 2020, and before January 1, 2021. The maximum amount of qualified wages taken into account with respect to each employee for all calendar quarters is \$10,000, so that the

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maximum credit for an Eligible Employer for qualified wages paid to any employee is \$5,000. [See IRS Q&A Employee Tax Credits Under the CARES Act.](#)

**Delay of Payment for Employer Payroll Taxes** - The CARES Act allows employers (and self-employed individuals) to delay paying their portion of that social security payroll tax. The deferral period began as soon as the bill became law, and payments may be made in two installments to the Treasury Department: 50% until December 31, 2021 and the remainder until December 31, 2022. This legislation also applies to the corresponding portion of self-employment taxes. Delay of payments is optional. The deferral is also not available to employers who receive forgiveness of a Small Business Act loan under any other CARES Act provision.

**Recovery Tax Rebates for Individuals** – Eligible taxpayers who filed tax returns for either 2019 or 2018 will automatically receive an economic impact payment of up to \$1,200 for individuals or \$2,400 for married couples and up to \$500 for each qualifying child. Tax filers with adjusted gross income up to \$75,000 for individuals and up to \$150,000 for married couples filing joint returns will receive the full payment. For filers with income above those amounts, the payment amount is reduced by \$5 for each \$100 above the \$75,000/\$150,000 thresholds. Single filers with income exceeding \$99,000 and \$198,000 for joint filers with no children are not eligible. Social Security recipients and railroad retirees who are otherwise not required to file a tax return are also eligible and will not be required to file a return.

[See https://www.irs.gov/newsroom/economic-impact-payments-what-you-need-to-know IRS](https://www.irs.gov/newsroom/economic-impact-payments-what-you-need-to-know)

**Additional Loans Under the CARES Act** – The CARES Act also provides for additional loans for medium sized and large businesses under the business stabilization programs. The CARES Act includes a \$500 billion authorization for the Treasury Department to make loans, guarantees, and provide other financial support to eligible businesses as well as state and local governments. The Treasury Department will publish regulations regarding these various programs.

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**Additional Tax Code Changes** - The CARES Act also provides for changes to the tax code in the following areas:

**Increased Incentives for Charitable Contributions of Cash During 2020**

**Qualified Improvement Property Fix**

**Reduction of Business Interest Deduction Limitations**

**Net Operating Loss Changes**

**Modification of Excess Business Loss Deduction Limit**

**Corporate Minimum Tax Credit**

**Cancellation of Indebtedness Income**

**See IRS <https://www.irs.gov/coronavirus>**

**The Federal Pandemic Unemployment Compensation** – Several new programs under the recent CARES Act provide benefits for eligible individuals who are self-employed, seeking part-time employment, or who otherwise would not qualify for UI benefits under state or federal law. To be eligible, among other requirements, individuals must demonstrate that they are otherwise able to work and available for work within the meaning of applicable state law, except that they are unemployed, partially unemployed, or unable or unavailable to work because of COVID-19 related reasons. Under the Federal Pandemic Unemployment Compensation (FPUC) program, eligible individuals who are collecting certain UI benefits, including regular unemployment compensation, will receive an additional \$600 in federal benefits per week for weeks of unemployment ending on or before July 31, 2020. Additionally, the Pandemic Emergency Unemployment Compensation (PEUC) program allows those who have exhausted benefits under regular unemployment compensation or other programs to receive up to 13 weeks of additional benefits. States must offer flexibility in meeting PEUC eligibility requirements related to “actively seeking work” if an applicant’s ability to do so is impacted by COVID-19. **See DOL Summary Chart**

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### State of Maryland COVID-19 Resources

**Maryland Small Business COVID-19 Emergency Relief Loan Fund** - This \$75 million loan fund (for-profit businesses only) offers no interest or principal payments due for the first 12 months, then converts to a 36-month term loan of principal and interest payments, with an interest rate at 2% per annum. Loans up to \$50,000 and businesses must demonstrate financial stress or disrupted operations. [See MD Department of Commerce](#)

**Maryland Small Business COVID-19 Emergency Relief Grant Fund** - This \$50 million grant program for businesses and nonprofits offers grant amounts up to \$10,000, not to exceed 3 months of demonstrated cash operating expenses for the first quarter of 2020. Businesses must demonstrate financial stress or disrupted operations. [See MD Department of Commerce](#)

**Maryland COVID-19 Emergency Relief Manufacturing Fund** - This \$5 million incentive program helps Maryland manufacturers to produce personal protective equipment (PPE) that is urgently needed by hospitals and health-care workers across the country. [See MD Department of Commerce](#)

**Maryland COVID-19 Layoff Aversion Fund** – This \$7 million fund is designed to support businesses undergoing economic stresses due to the pandemic by preventing or minimizing the duration of unemployment resulting from layoffs. The award (up to \$50,000 per applicant), will be a quick deployable benefit and customizable to the specific needs of your business to minimize the need for layoffs. [See MD Department of Labor](#)

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### Montgomery County COVID-19 Resources

**Public Health Emergency Grant Program:** \$20 million fund for grants up to \$75,000 per business or nonprofit for County businesses or nonprofits; 100 or fewer full-time-equivalent employees that can demonstrate financial losses caused by the public health emergency. Grant funding must be used for employee wages and benefits, taxes, debt, rent or other operating losses during the public health emergency. [See Montgomery County Council](#)

**Teleworking Grant:** \$250,000 grant program includes microgrant funding for local businesses and nonprofits. \$2,500 to purchase teleworking equipment and technology, to support teleworking capabilities during the COVID-19 emergency. [See Montgomery County Council](#)

### Additional Resources

[Federal Small Business Assistance](#)

[The Treasury Department](#)

[Governor Hogan Executive Orders](#)

[Maryland Department of Health COVID-19](#)

***This document is not intended to provide legal advice. It is intended for informational purposes only. Should you have specific questions please contact our office.***