



CORONAVIRUS AID, RELIEF AND ECONOMIC SECURITY ACT (CARES ACT)

UPDATED FOR IMPLEMENTING REGULATIONS
ISSUED ON 3/31/20

ASSISTANCE TO
PARISHES OF THE
GREEK
ORTHODOX
ARCHDIOCESE
OF AMERICA

CARES ACT IMPACT ON PARISHES



- Parishes qualify for forgivable small business loans (Paycheck Protection Program)
- Payroll tax deferrals
- Employee retention credit against employment taxes
- Unemployment insurance
- Charitable contributions tax incentives

CARES ACT SMALL BUSINESS LOANS (PAYCHECK PROTECTION PROGRAM)

- Our Parishes qualify for CARES Act Small Business Act loans as long as they have under 500 employees
- Loans intended to cover expenses like payroll, interest on mortgages, rent, utilities and benefits
- Loan amounts are equal to 250% of average total monthly payroll during the 1-year period before the loan is made
 - For example, if the Parish's monthly average monthly payroll is \$30,000, it can receive a \$75,000 loan



CARES ACT SMALL BUSINESS LOANS (PAYCHECK PROTECTION PROGRAM)



- Loans are nonrecourse and no personal property guaranty or collateral is required
 - **Loans are 2 years in duration and carry a fixed interest rate of .5%; first loan payment deferred for 6 months**
 - Loan is forgivable as an incentive to retain employees
- Metropolis approval is not required because there are no guarantees or collateral on the loan

CARES ACT SMALL BUSINESS LOANS (PAYCHECK PROTECTION PROGRAM)

- Loans are forgivable equal to the amount that the Parish spends in the 8 weeks following the receipt of the loan on:
 - Certain payroll expenses (salaries are capped at \$100,000)
 - Parish paid health insurance expenses
 - Parish payments to the pension plan (\$700/mo. payments)
 - Interest payments on mortgages incurred before 2/15/20
 - Rent on leases executed before 2/15/20
 - Utilities for services initiated before 2/15/20
- Special provisions for employee reductions and salary/wage reductions during the covered periods



CARES ACT SMALL BUSINESS LOANS (PAYCHECK PROTECTION PROGRAM)

Impact



- If the Parish retains its employees for 8 weeks after the loan and spends more than the loan on payroll, benefits, interest on a mortgage, rent or utilities, the ENTIRE LOAN IS FORGIVEN.
 - No more than 25% of forgiven amount may be for non-payroll costs
- The Parish makes a good faith certification that the economic conditions makes it necessary to request the loan to maintain operations
- The loan program is open until June 30, 2020
- This is a government subsidy to retain employees.

CARES ACT IMPACT ON SMALL BUSINESS LOANS (PAYCHECK PROTECTION PROGRAM)

Action Steps

- Contact your bank as they are authorized to accept applications starting on April 3, 2020
- Apply as soon as possible since there is expected to be more demand for these loans than is allocated in the CARES Act for the loans



CARES ACT IMPACT ON SMALL BUSINESS LOANS (PAYCHECK PROTECTION PROGRAM)

Action Steps (Continued)

- More information on the CARES Act and the implementing regulations issued on March 31 can be found at <https://home.treasury.gov/system/files/136/PPP%20Borrower%20Information%20Fact%20Sheet.pdf>
- The application can be found at <https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Application-3-30-2020-v3.pdf>
- Salary and payroll tax information will need to be provided with the application



CARES ACT PAYROLL RELATED BENEFITS



Payroll Tax Deferral

- Payroll taxes from the date of the CARES Act (3/27/20) to 12/31/20 are deferred.
 - All payroll taxes incurred by Parishes and 50% of payroll taxes incurred for self-employed such as Clergy qualify for the deferral
 - Half of the deferred taxes are due on December 31, 2021 and half are due on December 31, 2022

CARES ACT PAYROLL RELATED BENEFITS



- Employee Retention Credit (In addition to the Loan Program)
 - Parishes are entitled to a credit of 50% of wages paid to employees who are not working due to a full or partial cessation of operations or a significant decline in revenues (greater than 50% reduction on a year over year basis). This credit will be applied against employment taxes (Social Security taxes)
 - The credit is limited to \$10,000 in wages (maximum of \$5,000 credit) per employee and applies to wages paid after March 12, 2020 and before January 1, 2021
- Unemployment Insurance
 - Parishes that pay unemployment insurance may be eligible to receive half of the costs they incur through December 31, 2020 (varies by state)

CARES ACT PAYROLL RELATED BENEFITS



Action Steps

- Parishes should contact their payroll service provider to ensure that they are implementing these benefits on behalf of the Parish
- Document that you meet the cessation of operations provisions due to state mandated orders to be able to claim the employee retention credit

CARES ACT CHARITABLE CONTRIBUTIONS TAX INCENTIVES



- There are added incentives to make charitable contributions in 2020.
- Up to \$300 in charitable contributions are tax deductible even if the individual does not itemize deductions on their tax return
- Individuals that claim itemized deductions can now claim unlimited deductions for a charitable contribution