

MARR JONES & WANG

A LIMITED LIABILITY LAW PARTNERSHIP

Labor and Employment Law

CARES ACT UPDATE **Show Me The Money!**

April 23, 2020 at 11:45 a.m.

The House voted to approve a supplemental relief bill that replenished the Paycheck Protection Act (“PPP”) loan program and the Economic Injury Disaster Loan (“EIDL”) program.

The legislation provides an additional \$310 billion for PPP loans, compared to the original \$349 billion. Of that \$310 billion, \$30 billion is reserved for banks and credit unions with assets between \$10 billion and \$50 billion, and another \$30 billion is reserved for institutions with less than \$10 billion in assets.

For the EIDL program, the legislation provides for another \$60 billion.

There are other provisions unrelated to the loan programs.

If you have not yet applied, this may be your last opportunity. Banks are now very familiar with the program.

As of now, there are no reported substantive changes to either the PPP or EIDL loan programs. The PPP is the only program that provides for forgiveness. The legislation did not change any of the requirements for forgiveness.

Do not forget that you can still defer the employer’s share of FICA taxes until your loan is forgiven. This will allow most employers to defer their first and second quarter FICA taxes into 2021 and 2022.

What is next? Additional legislation is being discussed. One idea being floated is instead of loan programs, employers would be able to use their FICA taxes for payroll purposes—the IRS would give you the money. At this time, nothing is agreed to, and as we have seen Congress does not always move swiftly.