

# Public Policy Briefing

Presentation to the  
Amusement and Music Operators  
Association

April 1, 2020

# Overview & Major Provision for Individuals

## \$2 Trillion Package

- Through the Federal Reserve potential for additional \$4 trillion in support for the economy
- Referred to as the “Phase 3” Bill

## Automatic Payments to Individual Taxpayers

- \$1,200 per individual (\$2,400 joint return) + \$500 per child
- Phased out for incomes above \$75,000 (\$150,000 joint)

## Expanded Unemployment

- Most restrictions on eligibility suspended if related to COVID-19
- Additional \$600 per week on top of regular state benefit (through July 31)
- Eligibility ends when individual can return to work
- Benefits provided through State UI offices

# Tax Changes

## Assistance Via Payroll Taxes

- **Deferral:** Delay payment of employer's share of Social Security taxes (6.2% of wages) due on or after 3/27/20 and before 1/1/21
  - 50% of deferred taxes due 12/31/21 and 50% of deferred taxes due 12/31/22
  - Not available for employers who have loans forgiven under Paycheck Protection Program
- **Refundable Credit:** Refundable payroll tax credit up to \$5,000 per employee for nonprofits whose operations were fully or partially suspended.
  - Claimed against employer's share of Social Security taxes (6.2% wages).
  - Eligible wages depend on number of employees.
  - Available for wages paid or incurred March 13 to December 31, 2020. Eligible wages depend on size of employer.
  - Not available for employers obtaining a Paycheck Protection Program Loan

## Increased Charitable Contribution Deductions

- Up to a \$300 above-the-line deduction for cash contributions by individuals to public charities in 2020. Individual must claim standard deduction.
- Temporary suspension of the 60% of AGI limitation on cash contributions by individuals to public charities in 2020. Individual must itemize deductions.
- Temporary increase in the corporate charitable contribution deduction limitation from 10% to 25% of taxable income for cash contributions actually paid to public charities in 2020. Corporation must elect.

## SBA Economic Injury Disaster Loans

- Small businesses and non-profits (including faith-based) with fewer than 500 employees, sole proprietors, independent contractors
- Up to \$2 million working capital loan up to 30-year term; 3.75% (2.75% non-profits)
- Payments deferred up to 1 year
- Loans based on credit scores; no tax returns required
- Up to \$200,000 without a personal guarantee
- No collateral for \$25,000 or less; general security interest instead of real-estate for larger loans
- \$10,000 emergency grant within 3 days that does not have to be repaid
- Cannot cover same cost as Paycheck Protection Program
- Apply through [SBA.gov](https://www.sba.gov)

# Paycheck Protection Program

- \$349 Billion in loans for small business (generally less than 500 employees), 501(c)(3)s, self-employed, sole proprietors, and independent contractors
- Loans equal to the lesser of 2.5 times average monthly payroll or \$10 million
- Loans by local and national lenders
- Minimal requirements (e.g. no collateral, no personal guarantee)

# Paycheck Protection Program

## Maximum Loan Calculation

- One year look back at total payroll cost from date of loan award to calculate average monthly payroll costs
- All salary or wages (up to \$100,000.00 per person) payment for employee benefits, including vacation, parental medical or sick leave
- Payment of any retirement benefits
- Severance payments
- Payment of state or local taxes assessed on the compensation of employees

# Paycheck Protection Program

- Loans become forgivable equal to amount spent on payroll, rent, interest on mortgage, and utilities (no more than 25% may be spent on rent, interest on mortgage, and utilities).
- Loan forgiveness is reduced proportionally if the employer reduces number of FTEs.
- Loan forgiveness is reduced if employer reduces wages by more than 25%.
- Employer can avoid reduction in forgiveness if they bring back employees and restore wages generally within 30 days and maintain through June 30.
- Any portion of loan not forgiven will continue as a loan obligation at 0.5% interest with a loan period of 2 years. No loan repayment will begin until January 2021.

# Questions?



# Get more information

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Click [here](#) for Payment Protection Program Application Form.