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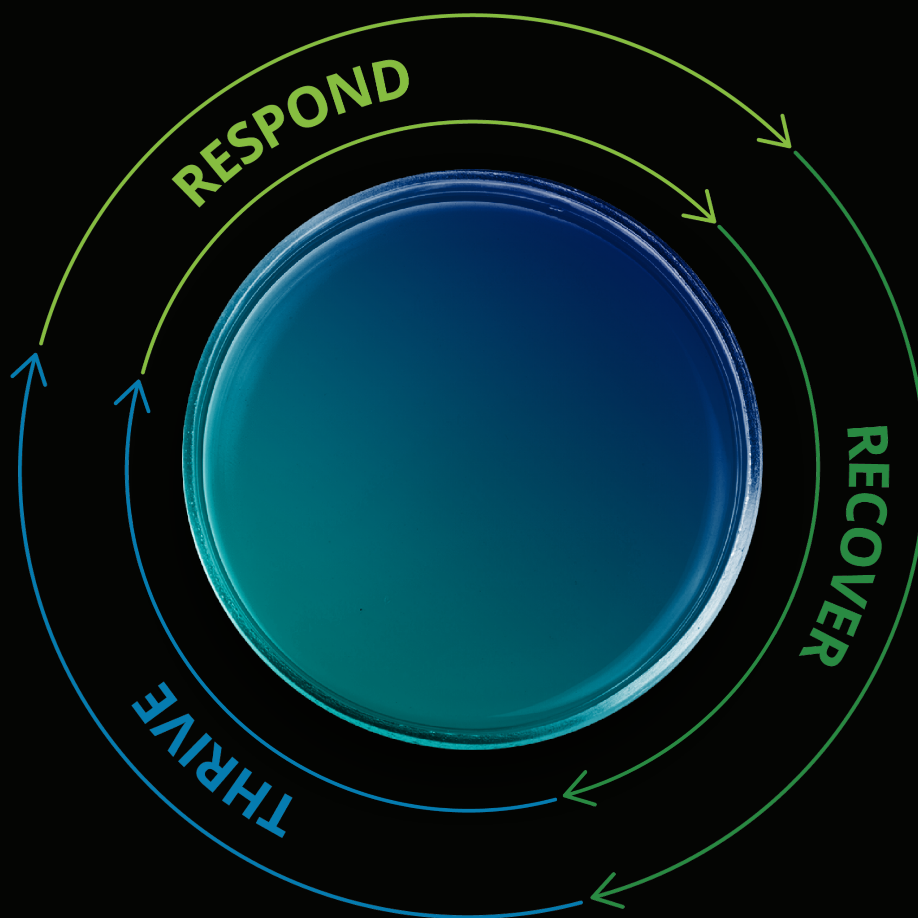

COVID-19 response: A taxpayer guide to the CARES Act

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Introduction

Congress has approved and President Trump has signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, a massive tax-and-spending package intended to provide additional economic relief to address the impact of the COVID-19 pandemic. The CARES Act became law on March 27, 2020.

The CARES Act includes several significant business tax provisions that, among other things, eliminate the taxable income limit for certain net operating losses (NOL) and allow businesses and individuals to carry back NOLs arising in 2018, 2019, and 2020 to the five prior tax years; suspend the excess business loss rules under section 461(l); accelerate refunds of previously generated corporate alternative minimum tax (AMT) credits; generally loosen the business interest limitation under section 163(j) from 30 percent to 50 percent (special partnership rules apply); and fix the "retail glitch" for qualified improvement property in the 2017 tax code overhaul known informally as the Tax Cuts and Jobs Act (TCJA, P.L. 115-97). Other technical corrections are also included in these tax provisions. The measure also adds an employee retention credit to encourage employers to maintain headcounts even if employees cannot report to work because of issues related to the coronavirus, a temporary provision allowing companies to defer remitting to the government the employee share of some payroll taxes, as well as a temporary repeal of aviation excise taxes and a temporary exception from the excise tax for alcohol used to produce hand sanitizer.

Relief to individual taxpayers comes in the form of direct cash payments, penalty-free access to retirement account savings to address virus-related financial hardships, and an expanded deduction for charitable contributions. Also included is a provision that temporarily expands the scope of the tax exclusion for employer-provided educational assistance to include payments of qualified education loans by an employer to either an employee or a lender.

In addition, the measure contains a variety of nontax provisions to assist with coronavirus mitigation and response, including loans to help struggling businesses, aid to state and local governments, funding for health care providers, a substantial expansion of unemployment insurance, and a large supplemental funding package for agencies of the federal government. Those provisions, while important pieces of the package, are beyond the scope of this report.

By some unofficial estimates, the tax and spending provisions in the legislation will increase the federal deficit by roughly $2 trillion. The Joint Committee on Taxation has estimated that the CARES Act's tax provisions alone reduce federal receipts by just over $591 billion between 2020 and 2030. No official score is currently available that measures the total revenue impact of the measure, however.

This publication looks at the tax provisions in the new legislation and their potential implications for business and individual taxpayers. (Unless otherwise indicated, all section references are to the Internal Revenue Code of 1986, as amended.)

Corporate and general business tax provisions

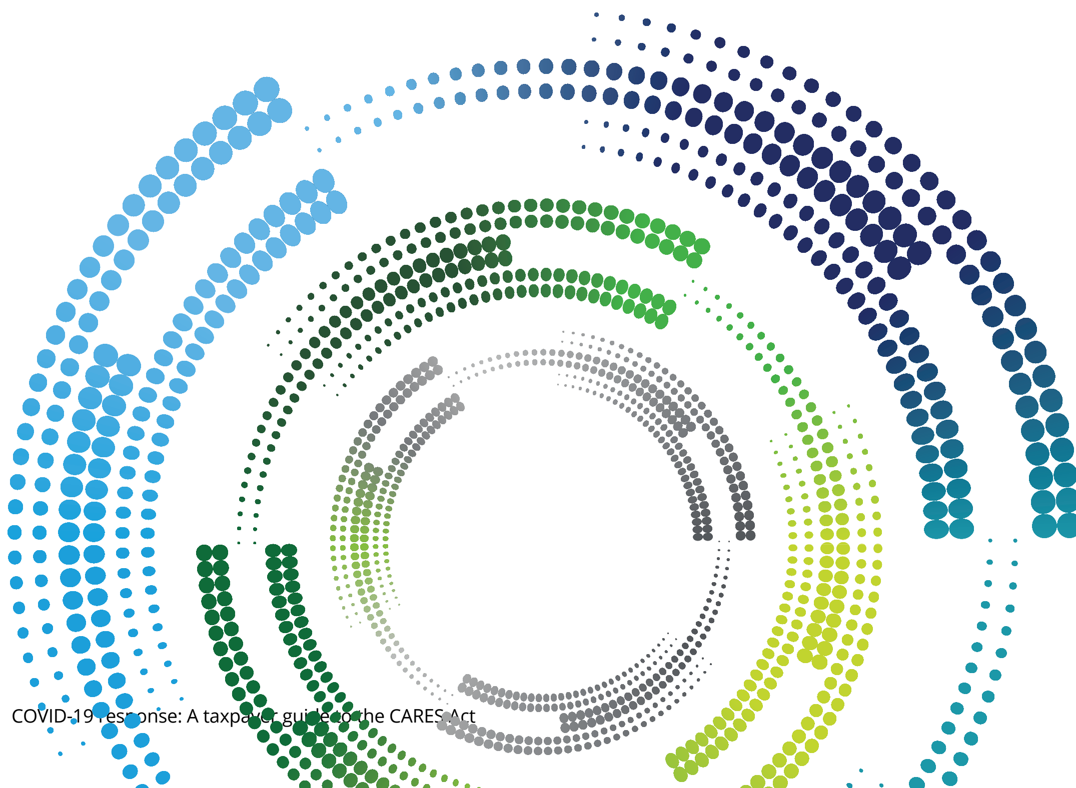
The CARES Act includes several significant business tax provisions intended to improve cash flow and liquidity. Among other things, the legislation provides a temporary five-year carryback for certain net operating losses, accelerates refundability of previously generated corporate AMT credits, loosens the business interest limitation under section 163(j), and fixes the so-called "retail glitch" for qualified improvement property.

Modifications for net operating losses (CARES Act section 2303)

As amended by the TCJA, section 172(a) states that "[t]here shall be allowed as a deduction for the taxable year an amount equal to the lesser of (1) the aggregate of the net operating loss carryovers to such year, plus the net operating loss carrybacks to such year, or (2) 80 percent of the taxable income computed without regard to the deduction allowable under this section." The amendment to section 172 applies to NOLs arising in taxable years beginning after December 31, 2017. Consequently, only NOLs arising in taxable years beginning after December 31, 2017 are limited to 80 percent of taxable income computed without regard to the deduction allowable under section 172 (the 80 percent limitation). By contrast, the amount allowed as a deduction for NOLs arising in taxable years beginning before January 1, 2018, is ***not*** subject to the 80 percent limitation.

The TCJA also eliminated the carryback period that had applied to NOLs (generally, two years) and made the NOL carryforward period indefinite, applicable to losses arising in taxable years ***ending*** after December 31, 2017. Although the statutory text made the changes to the NOL carryback and carryforward periods apply to losses arising in taxable years ending after December 31, 2017, the conference report accompanying the final bill described a different effective date for the modifications to the carryback and carryforward periods: specifically, the conference report described the effective date as applying to losses arising in taxable years ***beginning*** after December 31, 2017.

Notwithstanding the language in the conference report, the statutory text has controlled in the absence of a legislative change. As a result, fiscal year taxpayers with a taxable year beginning in 2017 and ending in 2018 were unable to carry back an NOL experienced in that year.



Temporary repeal of the 80 percent limitation

The CARES Act repeals the 80 percent limitation for taxable years beginning before January 1, 2021, and makes conforming amendments to sections 172(b)(2)(C), 172(d)(6)(C), and 860E(a)(3)(B). These amendments apply to taxable years beginning after December 31, 2017, and taxable years beginning on or before December 31, 2017, to which NOLs arising in taxable years beginning after December 31, 2017, are carried (see the discussion of the special five-year carryback period below).

OBSERVATION:

The temporary repeal of the 80 percent limitation is likely to prove beneficial for corporations that experienced an NOL in 2018 or 2019, or that are anticipating experiencing an NOL in 2020, that otherwise would have been subject to that limitation.

In the case of a taxable year ***beginning after December 31, 2020***, the 80 percent limitation is amended such that it applies ***before*** taking into account the deductions allowed under sections 199A and 250 and ***after*** taking into account the NOL deductions for NOL carryovers arising in taxable years beginning before January 1, 2018, and carried to such taxable year.

OBSERVATIONS:

The amendment to the 80 percent limitation for taxable years beginning after December 31, 2020, is in keeping with several prior legislative proposals that considered amending section 172(a)(2) since the enactment of the TCJA. Overall, this amendment indicates that a technical correction of the statute is necessary in order for the 80 percent limitation to be applied after, rather than before, taking into account the NOL deductions for NOL carryovers arising in taxable years beginning before January 1, 2018, and carried to such taxable year.

Modification of rules relating to carrybacks

The CARES Act provides that NOLs arising in a taxable year ***beginning after December 31, 2017, and before January 1, 2021***, are allowed as a ***carryback*** to each of the ***five taxable years*** preceding the taxable year of such loss.

OBSERVATIONS:

The temporary repeal of the 80 percent limitation, when coupled with the new five-year NOL carryback period, affords corporations the ability (1) to utilize NOLs in taxable years beginning as early as in 2013 (for an NOL experienced in a taxable year beginning in 2018), and (2) to offset taxable income in those prior years that had been subject to tax at a 35 percent rate. Overall, these changes are intended to allow corporations to utilize NOLs and amend prior-year returns, which will provide additional cash flow and liquidity.

Further, with respect to NOLs arising in a taxable year beginning after December 31, 2017, and before January 1, 2021:

- The special rules of section 172(b)(1)(B)(i) (concerning the carryback period for farming losses) and section 172(b)(1)(C)(i) (concerning the carryback period for losses experienced by property-casualty insurance companies) do ***not*** apply;
- Special rules are provided for REITs;
- In the case of a life insurance company (within the meaning of section 816(a)), if an NOL is carried to a life insurance company taxable year beginning before January 1, 2018, such NOL carryback is treated in the same manner as an operations loss carryback (within the meaning of section 810 as in effect prior to its repeal by the TCJA);
- If the NOL is carried to any taxable year described in section 965(a), the taxpayer is treated as having made the election under section 965(n) (generally providing that the inclusion under section 965 and certain other amounts need not be taken into account in determining (1) the NOL deduction for that taxable year or (2) the amount of taxable income for that taxable year that may be reduced by NOL carryovers or carrybacks to that tax year) with respect to such taxable year;
- An election may be made under section 172(b)(3) to waive the carryback period, with the due date for such an election for an NOL arising in a taxable year beginning in 2018 or 2019 being the due date (including extensions of time) for filing the taxpayer's return for the first taxable year ending after the date of the enactment of section 172(b)(1)(D); ***and***
- If the five-year carryback period with respect to any NOL of a taxpayer includes one or more taxable years in which an amount is includible in gross income by reason of section 965(a), the taxpayer may, in lieu of the election otherwise available under section 172(b)(3), elect under that paragraph to exclude ***all*** such taxable years from such carryback period, with the due date for such an election for an NOL arising in a taxable year beginning in 2018 or 2019 being the due date (including extensions of time) for filing the taxpayer's return for the first taxable year ending after the date of the enactment of section 172(b)(1)(D).

These provisions apply to NOLs arising in taxable years beginning after December 31, 2017, and to taxable years beginning before, on, or after such date to which such NOLs are carried.

Technical amendments to section 13302 of the TCJA

The CARES Act amends the effective date provisions included in section 13302(e) of the TCJA. Specifically, (1) section 13302(e)(1) of the TCJA is amended to give effect to the amendment to section 172(a) for taxable years beginning after December 31, 2017, and taxable years beginning on or before such date to which NOLs arising in taxable years beginning after such date are carried; and (2) section 13302(e)(2) of the TCJA is amended to apply the provisions of section 172 addressing carryback and carryforward periods to NOLs arising in taxable years ***beginning*** after December 31, 2017.

OBSERVATION:

The technical correction made to the effective date provision included in section 13302(e)(2) of the TCJA follows the effective date contemplated in the conference report as it relates to the elimination of the carryback period and the allowance of an indefinite carryforward period for NOLs. Thus, for fiscal year taxpayers with a taxable year that began in 2017 and ended during 2018, an NOL arising in that year is available for carryback under the rules of section 172 as in effect before their amendment by the TCJA.

In addition, the CARES Act amends section 172(b)(1)(A) in its entirety to coordinate (1) the general elimination of the carryback period with the rules of sections 172(b)(1)(B) (concerning the carryback period for farming losses) and 172(b)(1)(C)(i) (concerning the carryback period for losses experienced by property and casualty insurance companies), and (2) the carryforward period for NOLs arising in taxable years beginning before January 1, 2018 (i.e., 20 years), with the indefinite carryforward period for NOLs arising in taxable years beginning after December 31, 2017.

These provisions take effect as if included in the provisions of the TCJA to which they relate.

Special rule in the case of an NOL arising in taxable year beginning before January 1, 2018, and ending after December 31, 2017

Under the CARES Act, an application under section 6411(a) for a "tentative refund" with respect to the carryback of an NOL arising in taxable year beginning before January 1, 2018, and ending after December 31, 2017, can be made within 120 days after the date of the enactment of the CARES Act. Corporate taxpayers must use Form 1139, *Corporation Application for Tentative Refund,* for this application, which the IRS generally processes within 45 days after the date the Form 1139 is received. Further, an election to (1) forgo any carryback of such NOL, (2) reduce any period to which such NOL may be carried back, or (3) revoke any election made under section 172(b) to forgo any carryback of such NOL, will not fail to be treated as timely made if made not later than the date which is 120 days after the date of the enactment of the CARES Act.

Modification of credit for prior-year minimum tax liability of corporations (CARES Act section 2305)

The TCJA repealed the corporate alternative minimum tax effective for taxable years beginning after December 31, 2017. However, with respect to prior years in which a corporation was subject to the AMT, the TCJA (1) maintained section 53(a), which generally allows as a credit against the regular tax liability imposed for any taxable year an amount equal to the minimum tax credit for such taxable year, and (2) added new section 53(e), which generally provides that the "AMT refundable credit amount" is refundable for any taxable year beginning after 2017 and before 2022 in an amount equal to 50 percent (100 percent in the case of taxable years beginning in 2021) of the excess of the minimum tax credit for the taxable year over the amount of the credit allowable for the year against the regular tax liability imposed for that taxable year. Section 53(e), as added by the TCJA, is applicable to taxable years beginning after December 31, 2017.

Accelerated timeframe for refunds associated with prior minimum taxes

The CARES Act amends sections 53(e)(1) and (2) to provide that:

- For a taxable year beginning in 2018, the AMT refundable credit amount is equal to 50 percent of the excess of the minimum tax credit for the taxable year over the amount of the credit allowable for the year against the regular tax liability imposed for that taxable year ***and***
- For a taxable year beginning in 2019, the AMT refundable credit amount is equal to ***100 percent*** of the excess of the minimum tax credit for the taxable year (i.e., the minimum tax credits remaining after the application of section 53 for 2018) over the amount of the credit allowable for the year against the regular tax liability imposed for that taxable year (i.e., the minimum tax credits remaining after the application of section 53(a) for 2019).

These provisions apply to taxable years beginning after December 31, 2017.

Election to take entire AMT refundable credit amount in 2018

The CARES Act adds new section 53(e)(5) to the Internal Revenue Code, which provides that, in the case of a corporation making an election under section 53(e)(5), sections 53(c) and 53(e)(1) do not apply. In connection with this amendment, the CARES Act provides special rules allowing a taxpayer to file an application for a "tentative refund" of any amount for which a refund is due by reason of an election under section 53(e)(5). The application must be filed prior to December 31, 2020, in the form and manner prescribed by the Secretary of the Treasury. Within 90 days of filing, the IRS is to review the application, determine the amount of overpayment and apply, credit, or refund the overpayment.

These provisions apply to taxable years beginning after December 31, 2017.

OBSERVATIONS:

While not drafted as a technical amendment to the TCJA, section 2305 of the CARES Act amends section 53(e) such that all prior-year minimum tax credits are potentially available for refund for the first taxable year of a corporation beginning in ***2018***. Overall, the new provisions of section 53(e) appear intended to accelerate a corporation's ability to obtain a cash refund for its carryforward of minimum tax credits following the TCJA's repeal of the corporate AMT.

Modification of limitation on business interest (CARES Act section 2306)

The CARES Act amends section 163(j) as applied to taxable years beginning in 2019 and 2020. Section 163(j) limits the deduction for business interest expense to the sum of (1) the taxpayer's business interest income; (2) 30 percent of the taxpayer's adjusted taxable income; and (3) the taxpayer's floor plan financing interest expense for the taxable year. The CARES Act increases the 30 percent adjusted taxable income threshold to 50 percent for taxable years beginning in 2019 and 2020. In addition, the CARES Act allows taxpayers to elect to use their 2019 adjusted taxable income as their adjusted taxable income in 2020.

Special rules also apply for short taxable years in 2019 and 2020.

Partnership rules

The CARES Act includes special rules for partnerships. The increased 50 percent adjusted taxable income threshold does not apply to partnership taxable years beginning in 2019. Instead, excess business interest expense (i.e., business interest expense exceeding 30 percent of the partnership's adjusted taxable income) allocated by a partnership to a partner from a taxable year beginning in 2019 is bifurcated. Fifty percent of that excess business interest expense is treated as paid or accrued in 2020 and deductible by the partner without regard to the section 163(j) limitation. The remaining 50 percent of excess business interest expense is subject to the existing rules, which generally treat excess business interest expense as paid or accrued only if the partner receives an allocation of excess taxable income or excess business interest income in a later year from the same partnership.

Election out of rules

Taxpayers can make an irrevocable election not to have the 50 percent threshold applied to the 2019 or 2020 taxable years (including partnerships with respect to the 2020 taxable year). Partners can elect not to apply the special rule for excess business interest expense from taxable years beginning in 2019. .

OBSERVATIONS:

The temporary 50 percent threshold and the ability to use 2019 adjusted taxable income for 2020 is expected to significantly increase the ability of taxpayers to deduct interest in 2019 and 2020. To the extent that an NOL arises in 2019 or 2020 on account of either an increased section 163(j) limitation or the treatment of excess business interest expense allocated to a partner for a taxable year beginning in 2019, that NOL is now available for carryback and is not subject to the 80 percent limitation pursuant to the amendments made to section 172 by the CARES Act.

The partnership provisions may have been structured to provide section 163(j) relief to partnerships and their partners without requiring partnerships to issue amended Schedules K-1 for 2019.

Technical amendments regarding qualified improvement property (CARES Act section 2307)

The TCJA amended section 168(e)(3)(E) to exclude qualified leasehold improvement property (QLIP), qualified restaurant property (QRP), and qualified retail improvement property (QRIP) from the 15-year property classification and correspondingly amended section 168(e) to remove QLIP, QRP, and QRIP as property classifications. The TCJA replaced QLIP, QRIP, and QRP with qualified improvement property (QIP) by adding new section 168(e)(6) that defines QIP as, "any improvement to an interior portion of a building which is nonresidential real property if such improvement is placed in service after the date such building was first placed in service[;]" and QIP excludes, "any improvement for which the expenditure is attributable to (i) the enlargement of the building, (ii) any elevator or escalator, or (iii) the internal structural framework of the building."

However, the TCJA inadvertently failed to include QIP as a 15-year property classification as a conforming amendment; thus, QIP defaults to a 39-year property classification under section 168(e)(2)(b) and is not eligible for the additional first-year depreciation deduction under section 168(k).

Technical amendments regarding qualified improvement property
The CARES Act amends section 168(e)(3)(E) to add "qualified improvement property" to "15-year property" and assigns a class life of 20 under section 168(g)(3)(B) to "qualified improvement property" under section 168(e)(3)(E)(vii). The CARES Act amends section 168(e)(6)(A) to define "qualified improvement property" as, "any improvement made by the taxpayer to an interior portion of a building which is nonresidential real property if such improvement is placed in service after the date such building was first placed in service."

These technical amendments are retroactive to the effective date of the TCJA (i.e., December 22, 2017) and applicable to property placed in service after December 31, 2017.

OBSERVATIONS:

The technical amendments treating QIP as 15-year property allow such property to be eligible for the 100 percent bonus depreciation for QIP placed in service after December 31, 2017. Additionally, for taxpayers electing not to claim 100 percent bonus depreciation, QIP is depreciated over 15 years rather than 39 years. Importantly, these amendments limit QIP to improvements made by the taxpayer, which means that used QIP would not be eligible for 100 percent bonus depreciation or the 15-year recovery period.

Taxpayers may consider filing an amended return for 2018 to claim 100 percent bonus depreciation on eligible QIP (or change from a 39-year to a 15-year recovery period and from a mid-month to half-year or mid-quarter convention) to alleviate cash flow impediments caused by COVID-19. Alternatively, taxpayers generally may file an automatic accounting method change (Form 3115) under section 6.01 of Rev. Proc. 2019-43 to obtain the benefit through a section 481(a) adjustment. A taxpayer that depreciates QIP using a 39-year recovery period for one taxable year may apply the one-year depreciable property rule under section 6.01(1)(b) of Rev. Proc. 2019-43 to file an automatic accounting method change. For a prior taxable year for which a taxpayer has not yet filed a tax return, the taxpayer may reclassify QIP from a 39-year recovery period to a 15-year recovery period and claim 100 percent bonus depreciation. Additionally, these technical amendments may incentivize investment in improvements while the US recovers from the COVID-19 pandemic.

It is anticipated that Treasury and the IRS will issue procedural guidance regarding filing accounting method changes and amending tax returns under these technical amendments.

The addition of the 20-year alternative depreciation system (ADS) recovery period would likely impact taxpayers that made the real property trade or business (RPTOB) election or any taxpayer that made an ADS election under section 168(g)(7). The technical amendments do not include a corresponding correction for section 168(g)(8).

Note: In the case of any partnership subject to the centralized partnership audit regime enacted as part of the Bipartisan Budget Act of 2015 (BBA partnerships) that desires to claim 100 percent bonus depreciation on eligible QIP by filing an amended tax return, an administrative adjustment request (AAR) generally would be necessary. The tax consequences of these AARs generally would be taken into account in the 2020 taxable year by the partners who owned an interest in the BBA partnership in the taxable year that the relevant QIP was placed in service.

Modification of limitations on charitable contributions during 2020 (CARES Act section 2205)

As a general rule, section 170(a)(1) provides that "[t]here shall be allowed as a deduction any charitable contribution (as defined in subsection (c)) payment of which is made within the taxable year." In turn, section 170(c) and the implementing regulations define the term "charitable contribution" generally to mean a contribution or gift (either cash or other donated property) to or for the use of a US federal, state, or local governmental entity or to or for the use of a domestic nonprofit charitable organization, with respect to which the taxpayer did not reasonably expect to receive a return financial benefit to its trade or business commensurate with the amount of the contribution or gift. (See Treas. Reg. section 1.170A-1(c)(5); Treas. Reg. section 1.162-15(b).)

For corporations, section 170(b)(2)(A) generally limits the amount of the deduction allowed to be claimed for charitable contributions to 10 percent of the corporation's taxable income (computed without regard to NOL carrybacks). In contrast, for individual taxpayers, section 170(b)(1)(G) provides that the amount of the charitable contribution deduction allowed to be claimed for cash contributions made prior to January 1, 2026, is limited to 60 percent of the individual's adjusted gross income (computed without regard to NOL carrybacks), although reduced percentage limitations apply to contributions of certain types of property or if made to certain types of nonprofit entities (e.g., private foundations). Charitable contributions made by corporations or individuals in excess of the applicable percentage limitation generally are allowed to carried forward and treated as made during the five succeeding taxable years. (See section 170(d).)

When taxpayers donate inventory property (or other property which, if sold by the taxpayer, would have required that the taxpayer realize ordinary income) to a governmental entity or a nonprofit charitable organization, the deduction allowed under section 170 generally is limited to the taxpayer's basis in the property. (See section 170(e)(1).) However, a special rule contained in section 170(e)(3) provides for a so-called "enhanced deduction" when inventory property is donated by a C corporation to certain qualified charitable organizations (but not governmental entities) for the purpose of caring for the ill, the needy, or infants (generally meaning minor children). (See also Treas. Reg. section 1.170A-4A.) The amount of the enhanced deduction allowed under section 170(e)(3) generally equals the taxpayer's basis in the donated property plus one-half of the ordinary income that would have been recognized had the property been sold (rather than donated) by the taxpayer, except that the total deduction allowed cannot exceed twice the taxpayer's basis in the property. With respect to donations of food inventory in particular, section 170(e)(3)(C) allows any taxpayer (not just C corporations) to claim the enhanced deduction and provides other special rules, including that the 10 percent limitation that otherwise applies is increased to 15 percent of taxable income (with a five-year carryover of excess contributions allowed).

Temporary modification to a 25 percent limitation for corporations

The CARES Act temporarily modifies section 170(b)(2)(A) to increase the limitation that applies to charitable contributions made by corporations – but only for "qualified contributions" made on or after January 1, 2020, but on or before December 31, 2020 – from 10 percent to 25 percent of the corporation's taxable income. With respect to "qualified contributions" made by individual taxpayers, the CARES Act allows individuals to completely offset their adjusted gross income for 2020. A "qualified contribution" is defined as, "any charitable contribution (as defined in section 170(c) of the Internal Revenue Code of 1986) if (i) such contribution is ***paid in cash*** during calendar year 2020 to an organization described in section 170(b)(1)(A) of such Code [which includes governmental units and most nonprofit charitable organizations], and (ii) the taxpayer has ***elected the application of this section with respect to such contribution***." A "qualified contribution" does not include a contribution made to a "supporting organization" described in section 509(a)(3) or for the establishment of a new, or maintenance of an existing, "donor advised fund" (as defined in section 4966(d)(2)). If a corporation's aggregate amount of "qualified contributions" exceeds the 25 percent limitation set forth in section 170(b)(2)(A) as modified by the CARES Act, the corporation

will account for the excess amount as a carryforward charitable contribution pursuant to section 170(d)(2). With respect to contributions made by partnerships or S corporations during 2020, the CARES Act provides that the election to treat a cash contribution as a "qualified contribution" shall be made separately by each partner or shareholder.

The CARES Act temporarily modifies section 170(e)(3)(C)(ii) to increase from 15 percent to 25 percent the limitation that applies to the "enhanced deduction" for donations of food inventory to certain organizations for the care of the ill, the needy, or infants. This temporary modification applies to donations of food inventory made during the period January 1, 2020, through December 31, 2020.

OBSERVATIONS:

The temporary increase to the percentage limitations that apply under section 170 for charitable contributions of cash and food inventory property made during 2020 should encourage additional charitable giving, thereby complimenting other COVID-19 relief efforts.

Treatment of federal loans, loan guarantees, and other investments (CARES Act section 4003)

The CARES Act grants Treasury authority to make loans, loan guarantees, and other investments in support of eligible businesses, states, and municipalities that do not, in the aggregate, exceed $500 billion and provide the subsidy amounts necessary for such loans, loan guarantees, and other investments in accordance with the provisions of the Federal Credit Reform Act of 1990 (2 U.S.C. 661 et seq.). Notably, as it relates to the operation of this program, the CARES Act includes several provisions that are of interest in the corporate tax context:

- Section 4003(h)(1) provides that any loan made by or guaranteed by Treasury under section 4003 (1) shall be treated as indebtedness for US federal tax purposes, (2) shall be treated as issued for its stated principal amount, and (3) stated interest on such loans shall be treated as qualified stated interest.
- Section 4003(h)(2) provides that Treasury shall prescribe such regulations or guidance as may be necessary or appropriate to carry out the purposes of section 4003, including guidance providing that the acquisition of warrants, stock options, common or preferred stock, or other equity under section 4003 does not result in an ownership change for purposes of section 382.
- This portion of the CARES Act contains several other restrictions on companies accepting the loans, including limitations on the compensation of executives. Interested businesses are advised to consult with legal counsel about the scope and application of those terms and conditions.

Industry-specific federal excise taxes

The CARES Act includes modifications to two federal excise taxes.

Commercial aviation excise taxes (CARES Act section 4007)
The legislation temporarily suspends current-law aviation excise taxes applied to the transportation of persons (the ticket tax), the transportation of property (cargo tax), and aviation fuel from the date of enactment through the end of 2020.

Exception from excise tax for alcohol used in hand sanitizer (CARES Act section 2308)
The bill also adds a new provision under section 5214 that exempts from excise tax during 2020 any alcohol used to produce hand sanitizer that is produced and distributed consistent with any guidance issued by the Food and Drug Administration that is related to the coronavirus outbreak. The provision applies to distilled spirits removed after December 31, 2019, and before January 1, 2021.

Employer-focused provisions

The CARES Act includes certain tax credits for employers with respect to their social security tax obligations and allows a delay in making required payroll tax deposits.

Employee retention credit provided to employers subject to closure due to coronavirus (CARES Act section 2301)

The CARES Act provides a credit to certain employers who are subject to closure due to coronavirus who continue to pay employees their wages during the period of closure.

Amount of credit

The legislation provides a credit equal to 50 percent of the qualified wages paid by a qualified employer to an employee. The maximum amount of wages eligible to be considered for the credit is $10,000 per employee. The credit is allowable against the tax imposed on an employer under section 3111(a)—i.e., the Old Age, Survivors, and Disability Insurance Social Security tax imposed on the amount of wages paid by an employer. If the credit for the quarter exceeds the employer's overall section 3111(a) tax liability, the excess is refunded. A credit is also available to an employer that is subject to the taxes imposed by section 3221—the "Tier 1" Railroad Retirement Tax Act (RRTA) tax.

Eligible employer

To be considered an eligible employer, the employer must have been carrying on a trade or business during 2020. In addition, the employer must either have been:

- Ordered by a competent governmental authority to suspend or reduce business operations due to concern about the spread of COVID-19 or
- Suffered a significant decline in business during a calendar quarter during 2020. For this purpose, an employer is considered to have a significant decline in business if the employer's gross receipts are 50 percent or less than the gross receipts of the comparable calendar quarter in the previous year. Once an employer becomes an eligible employer on account of a significant decline in gross receipts, the employer remains an eligible employer for any succeeding calendar quarter until the employer's gross receipts during that calendar quarter are 80 percent or more than the gross receipts in the comparable calendar quarter in the preceding year.

A tax-exempt employer can qualify as an eligible employer if it is ordered to suspend or reduce operations due to concern about the spread of COVID-19. Governmental employers are not eligible for this credit.

Eligible wages

The credit is allowed with respect to eligible wages. For this purpose, eligible wages depend on the size of the employer:

- If the employer has more than 100 full-time employees, eligible wages include the wages paid by the employer to the employee during the calendar quarter for periods in which the employee is not working, but not to exceed the wages that would have been paid to the employee during the 30-day period prior to when the employee was not working.
- If the employer has 100 or fewer full-time employees, eligible wages include all the wages paid by the employer during the calendar quarter.

Qualified wages also include the amount an employer pays to a group health plan attributable to the employee receiving qualified wages in order to provide health care benefits. The amounts paid must qualify for the exclusion from gross income under section 106 (employer contributions to accident and health plans).

Only wages paid during the period between March 13, 2020, and December 31, 2020, are eligible for the credit. In addition, wages paid by an employer that qualify for the credit for mandatory paid sick leave available under section 7001 of the recently enacted Families First Coronavirus Response Act (Families First Act) and the credit for mandatory paid family and medical leave available under section 7003 of the Families First Act are not eligible for the credit under the CARES Act.

The provision includes an employer aggregation rule. For purposes of the CARES Act, all employers who would be aggregated under sections 52(a), 52(b), 414(m) or 414(o) are treated as a single employer.

Employers who take small business loans provided for under section 1102 of the CARES Act are not eligible for this credit.

Delay in deposit of payroll taxes (CARES Act Section 2302)

The CARES Act provides for a delay in the required deposit of payroll taxes.

- **Payroll Taxes:** An employer may delay the deposit of "Applicable Employment Taxes." For this purpose, the taxes include the tax under section 3111(a) (the employer portion of the Social Security payroll tax) or 3221(a) (the "Tier 1" RRTA tax).
- **SECA Taxes:** A self-employed individual may delay the deposit of one-half of the individual's self-employment tax liability.

The taxes for which the deposit may be deferred are the taxes incurred from the date of enactment through the end of 2020. Of the taxes to be deferred, 50 percent of the deferred taxes are required to be deposited by the end of 2021. The remaining 50 percent are required to be deposited by the end of 2022.

Advance refunding of credits (CARES Act section 3606)

The CARES Act provides a mechanism for employers to receive an advance for payroll credits and refunds in connection with the employer's payment of qualified sick leave and qualified family leave wages and the anticipation of payroll credits and refunds.

The Families First Coronavirus Response Act provided to certain employers a payroll tax credit for required paid sick leave and paid family leave. Sections 3601 and 3602 of the CARES Act provide new limitations on the amount of paid family leave and paid sick leave that employers are required to pay under the Families First Act.

The Families First Act provides that, on a quarterly basis, the tax credit for paid sick leave is limited to (and allowed against) the total taxes imposed on the employer under Internal Revenue Code section 3111(a) and (b) (that is, the employer portion of the Social Security payroll tax and Medicare tax), with any excess being refundable to the employer. The same tax credit applies to taxes imposed under section 3221(a) (that is, the "Tier 1" RRTA tax). The tax credit for paid family leave operates in the same manner as does the credit for paid sick leave.

The CARES Act provides that the tax credits for paid sick leave and paid family leave, inclusive of the refundable portions of each, may be advanced to an employer. Forms and instructions of how to implement the credit will be made available to employers.

The Secretary of the Treasury shall waive any penalty under section 6656 for any failure to make a deposit of the tax.

OBSERVATIONS:

An employer should consult with legal counsel regarding whether the employer is subject to the required paid family leave and paid sick leave requirements of the Families First Act, including any limitations imposed under the CARES Act. Note that the provisions under the Families First Act may not apply to all employers based on applicable labor laws:

- The paid family leave provided under Division C of the Families First Act applies to employers with ***fewer*** than 500 employees, with possible exemptions for certain health care providers and first responders and businesses with fewer than 50 employees.
- The paid sick leave provided under Division E of the Families First Act applies to (1) a private entity employer with ***fewer*** than 500 employees and (2) a public agency (e.g., government) and any entity that is not a private entity or individual with more than one employee.

The payroll tax credits provided for under the Families First Act and the advancement of credits and refunds provided for under the CARES Act apply only to employers that are subject to the paid family leave and paid sick leave requirements of both bills. Accordingly, employers who are not subject to these requirements are not entitled to payroll tax credits.

Under the CARES Act, the treatment of deposits and the waiver of penalty provisions apply only to the employer portion of the Social Security tax covered under section 3111(a), the 6.2 percent employer tax on wages subject to an annual cap. However, the CARES Act does not provide the same treatment of deposits and waiver of penalty provisions for the employer portion of the Medicare tax covered under section 3111(b), the 1.45 percent employer tax on uncapped wages.

Employers should monitor the release of forms and instructions that may be used to implement the tax credit advance.

Retirement plans, compensation, and employee benefits

The CARES Act makes it easier for employees to access funds in their tax-favored retirement accounts to cover emergency expenses related to the coronavirus, relaxes rules for loans from retirement plans, and delays required minimum distributions in certain cases. Other provisions extend pension plan funding deadlines and allow employers to elect to avoid having benefit restrictions apply in their pension plans for 2020.

On the employee benefits side, the CARES Act expands the scope of the exclusion for employer-provided education assistance and adds to the list of eligible expenses for tax-preferred, high-deductible health plans.

Penalty-free early access to retirement plan funds (CARES Act section 2202(a))

Tax-favored employer-sponsored retirement plans, including qualified plans under section 401(a), tax-favored annuity arrangements under sections 403(a) and (b), and eligible governmental deferred compensation plans under section 457(b) are generally prohibited from making a distribution of a participant's benefits under the plan prior to the participant's retirement or termination of employment. If such a distribution were made, the plan's tax-favored status may be jeopardized.

A participant who takes a distribution from a retirement plan is subject to taxation. In addition, if the participant is under age 59 ½, the participant is generally subject to a 10 percent additional tax, unless some other exception applies. This additional tax also applies to individuals who take distributions from Individual Retirement Accounts (IRAs).

The CARES Act permits individuals affected by the coronavirus to take distributions from tax-favored employer-sponsored retirement plans and IRAs, of up to $100,000. These distributions (referred to as "coronavirus distributions") are not subject to the additional 10 percent tax on early distribution. In addition, an employer-sponsored retirement plan may make such distributions without loss of its tax-favored status. In the case of distributions from employer-sponsored retirement plans, the $100,000 limit on distributions to an individual applies to all plans in the aggregate maintained in the employer's controlled group.

To qualify as a coronavirus distribution, the recipient must be affected by coronavirus. Under the CARES Act, an individual is considered affected if the individual is diagnosed with coronavirus, has a spouse or a dependent who is diagnosed with coronavirus, or has experienced adverse financial consequences due to coronavirus as a result of being quarantined, laid off, having had work hours reduced, or, in the case of the owner of business, having to close or reduce hours of the business. To qualify, the distribution must be made during 2020. The CARES Act permits the Secretary to identify other factors for determining whether an individual is affected by coronavirus and therefore eligible for coronavirus distributions.

While coronavirus distributions are generally exempt from the additional 10 percent tax, they are still includable in taxable income. However, the CARES Act provides that that any amount received as a coronavirus distribution may be taken into gross income ratably over a three-year period beginning in 2020, at the recipient's election. In addition, the CARES Act permits an individual to repay a coronavirus distribution over a three-year period. Any amount repaid is treated as if it were rolled over, and thus, not included in gross income.

Increased limits on loans from retirement plans (CARES Act section 2202(b))

Under section 72(p) of the code, an employer-sponsored retirement plan is permitted to offer a loan program, under which a participant is permitted to take a loan from the plan, secured by his or her plan benefit. Loans are generally limited to the lesser of $50,000 or one-half of the present value of the employee's vested accrued benefit under the plan, with additional limitations applicable for participants who take a loan at the time they have an existing loan balance. Participant loans must generally be repaid in level installments and over a period not to exceed five years (except for loans used to acquire the participant's principal residence, which are permitted to have a longer term). Loans that do not meet these requirements are considered taxable distributions to the participant.

The CARES Act also provides special rules for participant loans from tax-qualified retirement plans to individuals affected by the coronavirus. For these individuals, the CARES Act increases the maximum dollar limit on plan loans to $100,000, and allows a loan to be issued for up to 100 percent of the participant's vested accrued benefit. In addition, the CARES Act relaxes repayment rules for participants affected by coronavirus. New loans issued to an individual affected by coronavirus can be issued for a term one year longer than the maximum five-year term normally allowable. Also, the CARES Act permits the employer to suspend repayment of existing loans for such an individual for up to one year, and to extend the repayment term for existing loans by one additional year. At the end of the one-year suspension period, the loan balance and accrued interest should be reamortized.

This provision applies to any individual affected by the coronavirus. This is defined the same way as it is defined under the provisions for coronavirus distributions.

Suspension of required minimum distributions (CARES Act section 2203)

Employer-sponsored retirement plans and Individual Retirement Accounts are subject to minimum distribution rules that require distributions to a plan participant or IRA owner no later than April 1 of the calendar year following the year the individual attains age 72 (or in the case of an employer-sponsored retirement plan, April 1 following the later of the calendar year in which the participant attains age 72 or retires). Prior to the enactment of the SECURE Act in 2019, minimum distributions were required to commence April 1 following the calendar year the individual attained age 70 ½ (or, if later, retirement in the case of an employer-sponsored retirement plan). Minimum distributions are required each year thereafter, in amounts calculated pursuant to IRS regulations. Beneficiaries of an IRA owner or retirement plan participant are also subject to minimum distribution requirements.

The CARES Act suspends required minimum distributions for calendar year 2020. The suspension applies to distributions that may otherwise be required from qualified defined contribution plans, annuities under sections 403(a) or 403(b), eligible governmental deferred compensation plans, and IRAs. The suspension does not apply to qualified defined benefit plans. The suspension applies to plan participants, IRA owners, and individuals taking distributions as beneficiaries of a plan participant or IRA owner.

The suspension applies to all distributions that are due during calendar year 2020. This includes a distribution that is otherwise due on April 1, 2020, to an individual who attained age 70 ½ during 2019. The suspension also applies to individuals taking distributions as the beneficiary of the IRA owner or plan participant. In addition, in the limited cases in which a beneficiary is subject to a requirement to take a complete distribution within five years of the plan participant or IRA owner's death, the year 2020 does not count in determining the end of the five-year deadline.

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Extension of plan funding deadlines (CARES Act section 3608(a))

Employers who sponsor qualified defined benefit pension plans must ensure that the plans they sponsor satisfy minimum funding requirements. As part of this requirement, the employer may be required to make specified minimum contributions on an annual basis. If there is a minimum funding obligation requiring a contribution to a plan for a plan year, the deadline for making the contribution is eight-and-one-half months after the end of the plan year. For example: the deadline for making contributions to a plan with a calendar year plan year for the 2020 plan year would be September 15, 2021.

In addition to the annual funding obligations, some employers are subject to an additional requirement to make the contributions necessary to satisfy the minimum funding obligations on a quarterly basis throughout the plan year. The quarterly contributions would be designed to satisfy a portion of the year's funding obligation, with the balance of the funding due no later than eight-and-one-half months after the end of the plan year. To illustrate: If a calendar year plan is subject to a quarterly contribution requirement for its 2020 plan year, the quarterly contributions are due, respectively, April 15, 2020, July 15, 2020, October 15, 2020, and January 15, 2021.

The CARES Act relaxes this requirement by providing that any contribution due on a date during 2020 will not be due prior to January 1, 2021. This relaxed due date applies to both quarterly contributions that are due on a date during 2020, and the annual contribution with a final due date that occurs in 2020.

Waiver of benefit restrictions (CARES Act section 3608(b))

In addition to being subject to minimum funding requirements, defined benefit pension plans are potentially subject to certain restrictions, as set forth in section 436, if they are, or become, underfunded for the year. The restrictions that can apply include restrictions on "shutdown" benefits, restrictions on the ability to increase benefits, restrictions on the ability to pay out lump sum benefits to participants, and the limitation on additional benefit accruals. In order to determine whether the plan is subject to any of these restrictions for a year, the plan's actuary is required to report on the plan's funded status for the year, and the actuary's report is the basis for determining whether the plan is subject to restrictions for the year.

The CARES Act relaxes this requirement by providing that a plan sponsor may elect to treat the certification by the plan's actuary for the last year prior to 2020 as the certification for the 2020 plan year.

Extension for certain employer payments of student loans (CARES Act section 2206)

The CARES Act amends section 127 to allow employer payments made before January 1, 2021, for student loans to be treated as educational assistance. An employer may provide educational assistance to employees on a tax-free basis up to a maximum exclusion amount of $5,250 annually.

Section 127 allows an employer to exclude from the gross income of an employee educational assistance. The maximum exclusion for all educational assistance provided under section 127 is $5,250 for each calendar year. The CARES Act amends section 127 to allow employers to provide a student loan repayment benefit to employees on a tax-free basis. The provision is limited to payments made after enactment of the CARES Act and before January 1, 2021. The provision applies to payments by an employer, which may include payments made to an employee or to a lender for principal and interest on any qualified education loan, as defined in section 221(d)(1). The loan must be for the employee's education.

The $5,250 annual maximum exclusion applies to both the new student loan repayment benefit, as well as other educational assistance (e.g., tuition, fees, books) provided by the employer under current law.

OBSERVATIONS:

Employers who wish to consider payments for employee student loans should ensure education assistance plan documentation is updated and incorporate the payments into its plan administration and recordkeeping processes.

Inclusion of certain over-the-counter medical products as qualified medical expenses (CARES Act section 3702)

The CARES Act includes amendments to allow for menstrual products to meet the definition of qualified medical expenses for a wide range of tax-favored health plans.

Tax-favored health plans allow for access to money set aside under the plans for qualified medical expenses. The CARES Act includes amendments to Health Savings Accounts and Archer Medical Savings Accounts which provide that amounts paid for menstrual care products shall be treated as medical care. The amendments apply to amounts paid after December 31, 2019.

In addition, the CARES Act includes amendments to Health Flexible Spending Arrangements and Health Reimbursement Arrangements which provide that reimbursements for expenses incurred for menstrual care products shall be treated as medical care. The amendments apply to expenses incurred after December 31, 2019.

OBSERVATIONS:

Employers that sponsor the specific types of tax-favored plans covered by the CARES Act should consider the impact on plan documentation, administration, and communications in order to make the appropriate adjustments in accordance with the change to qualified medical expenses.

Tax benefits for individuals

The CARES Act provides tax relief for individual taxpayers through direct cash payments ("recovery rebates"), more generous provisions for charitable deductions, and changes to the loss limitation rules under section 461(l).

Recovery rebates (CARES Act section 2201)

Eligible individuals are entitled to a refundable credit in the amount of $1,200 for a single individual or $2,400 for married individuals filing jointly to be paid in the 2020 tax year. Qualifying children will generate an additional $500 each. An eligible individual cannot be a nonresident alien individual, claimed as a dependent on another taxpayer's return, or an estate or trust. Generally, a qualified child:

- Is the taxpayer's son, daughter, stepchild, adopted child, foster child, brother, sister, stepbrother, stepsister, or a descendant of any of them who was under age 17 at the end of the tax year, lived with the taxpayer for more than half of year;
- Did not provide over half of his or her own support for the year;
- Was a US citizen, US national, or US resident;
- Is claimed as a dependent on the taxpayer's tax return; and
- Has a social security number (or other identification number) that is reported on the tax return.

The amount of the credit will be reduced (but not below zero) by 5 percent of so much of the taxpayer's adjusted gross income (AGI) which exceeds $150,000 for married individuals filing jointly, $112,500 for an individual filing as a head of household, and $75,000 for single individual or a married individual filing separately. The credit phases out completely when a taxpayer's AGI exceeds $99,000 (for single filers), $146,500 (for head-of-household filers with one child), or $198,000 (for joint returns).

This credit will be determined based on AGI reported on an already filed 2019 tax return, the 2018 AGI if the 2019 return is not yet filed, or information provided by the 2019 Form SSA-1099 if a taxpayer has not filed a 2019 or 2018 individual income tax return.

The IRS must mail a notice to the rebate recipient no later than 15 days after the date on which the rebate was distributed indicating the method used to pay the rebate, the amount of the rebate, and a phone number to contact IRS if the rebate was not received. If an eligible individual did not receive a rebate and is entitled to one, the computed amount is allowed as a refundable credit against the individual's 2020 income tax.

Partial above-the-line deduction for charitable contributions (CARES Act section 2204)

The legislation includes an above-the-line deduction in computing AGI of up to $300 for cash contributions to public charities (excluding private foundations, supporting organizations, or donor advised funds) made during tax years beginning in 2020 for individual taxpayers who do not itemize deductions. Charitable contribution carryovers from prior years do not qualify for this deduction.

Modification of limitations on charitable contributions during 2020 (CARES Act section 2205)

The bill also calls for a temporary suspension of existing limitations on deductions for certain cash contributions paid during 2020. For cash contributions made to public charities (excluding private foundations except in limited circumstances, supporting organizations, and donor advised funds), individual taxpayers who itemize deductions can elect to deduct up to 100 percent of their AGI remaining after factoring in all other current charitable contributions which are subject to AGI limitations. Any excess cash contributions that are not deducted in 2020 can be carried forward subject to the 60 percent of AGI limit in the succeeding five years. Corporations may also elect expanded deduction limits, up to 25 percent of taxable income (from 10 percent), for cash contributions paid in calendar year 2020 to public charities other than supporting organizations and donor advised funds.

An enhanced deduction is also available for contributions of food inventory during 2020, which increases the limit for corporate taxpayers from 15 percent to 25 percent of taxable income. (See the section on "Corporate and general business provisions" elsewhere in this publication for additional discussion.)

Modification of limitation on losses for taxpayers other than corporations (CARES Act section 2304)

The legislation postpones the effective date for section 461(l) excess business losses retroactively from tax years beginning after December 31, 2017, to tax years beginning after December 31, 2020. To the extent that a 2018 or 2019 federal income tax return has been filed and reported an excess business loss, a taxpayer (individual, trust, or estate) will need to evaluate amending the return to claim a refund of taxes or to report a net operating loss under section 172. (See additional discussion of the CARES Act's modifications to the net operating loss rules in the "Corporate and general business provisions" section of this publication.) Further, there will be complexities to consider related to the ability to deduct 100 percent of the net operating loss for regular tax purposes but only 90 percent of the net operating loss for AMT purposes.

The bill provides a number of technical corrections, effective as if included in the TCJA, including one that would deny any deductions, gross income, or gains attributable to any trade or business of performing services as an employee into the excess business loss calculation under section 461(l)(3). In effect, the bill provides that wage income would not be includible as business income for purposes of the excess business loss limitation. In addition, the bill also contains technical amendments that clarify deductions for capital losses from sales or exchanges of capital assets are not included in the calculation of an excess business loss. Also, capital gains from sales or exchanges of capital assets are only included in the calculation to the extent of the lesser of (1) the net capital gain attributable to a trade or business or (2) capital gain net income. These technical amendments are retroactive to taxable years beginning after December 31, 2017.

OBSERVATIONS:

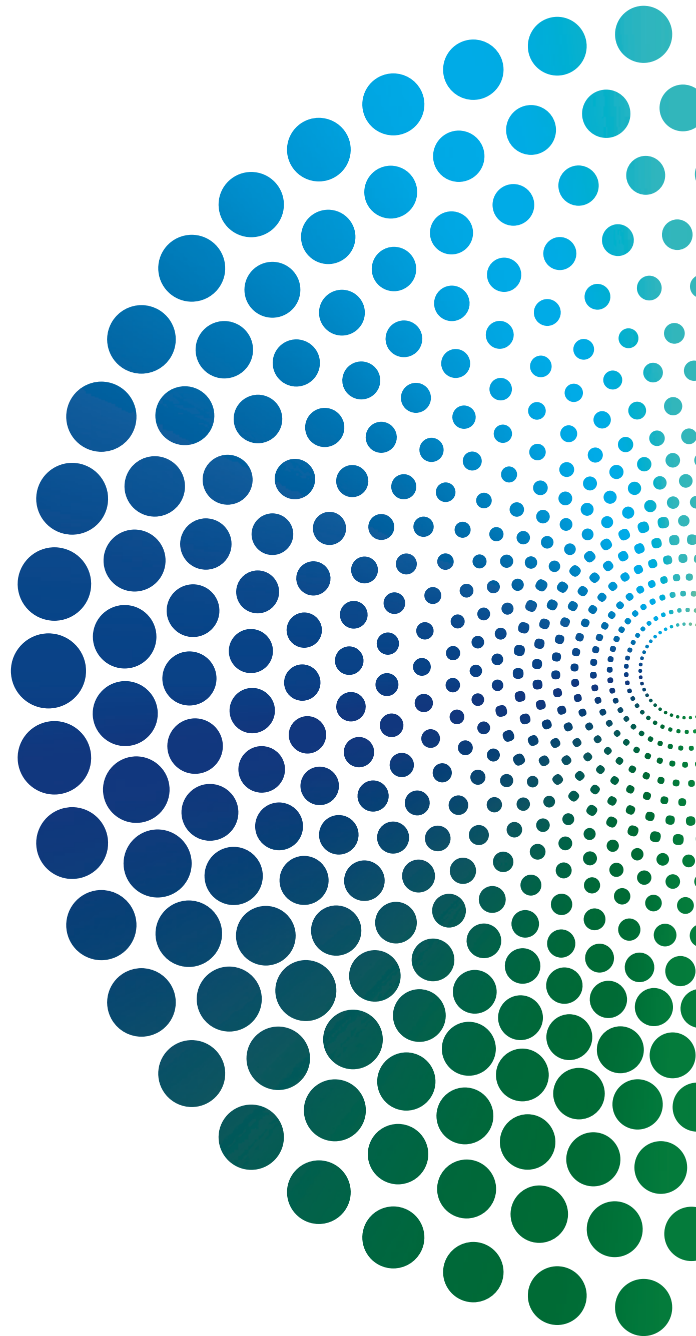
The instructions to Form 1065, Schedule K-1, Box 20, Code AH provide that a partnership must provide any information to the partners that is necessary for the partners to prepare their returns. The instructions to Form 1120S, Schedule K-1, Box 17, Code AC provide that an S corporation must provide in a statement the aggregate gross income or gain and the aggregate deductions from the business activity in order for shareholders to prepare their returns. If the effective date of section 461(l) is deferred until after 2020, partnerships and S corporations ***no longer would need to report section 461(l) information*** for 2018, 2019, or 2020.

Financial reporting implications

Under ASC 740, the effects of new legislation are recognized upon enactment, which (for US federal legislation) is the date the president signs a bill into law. Accordingly, entities will need to account for the effects of the CARES Act effective in the quarter that includes the date the president signs the bill.

Certain provisions of the CARES Act (e.g., modifications to net operating loss limitations, net operating loss carrybacks, and business interest expense limitations) may impact entities' current taxes payable and deferred tax assets and liabilities, including entities' realizability assessments with respect to their deferred tax assets and the potential need for a valuation allowance. The effect of a change in tax laws on a deferred tax liability or asset (or on taxes payable or refundable for a prior year) should be included in continuing operations and recognized in the period of enactment (i.e., it should not be apportioned among interim periods through an adjustment of the annual effective tax rate).

The effects of changes in judgment about beginning-of-year valuation allowances and effects of changes in tax laws shall be excluded from the estimated annual effective tax rate calculation. Entities should also be aware that not all forms of tax relief and tax credits will fall within the scope of ASC 740. Those that can only be monetized against non-income-based taxes (e.g., payroll taxes) would be accounted for in accordance with other literature.



State tax considerations

From a tax perspective, the manner in which the tax provisions will impact the states varies. In general, more than 20 states will automatically conform to the easing of the section 163(j) limitation by virtue of Internal Revenue Code conformity and a rolling conformity date. Other states have either decoupled from section 163(j) altogether and/or have a lagging conformity date. On the other hand, far fewer states will be impacted by the five-year NOL carryback provisions. The vast majority of states have their own NOL provisions apart from federal, and fewer than 10 states will either conform immediately, or are anticipated to conform upon the next legislative session.

Next steps

With the Senate and House now out of session until mid-April – and possibly longer – there is a little time to reflect on the past few weeks and the legislative efforts that look to address the personal and economic impact of the COVID-19 pandemic. The CARES ACT is the third spending and tax stimulus package to be enacted into law in as many weeks. The president on March 6 signed an initial $8 billion emergency spending supplemental bill (H.R. 6074, the Coronavirus Preparedness and Response Supplemental Appropriations Act). And March 18 saw the enactment of legislation to provide, among other things, tax credits for employers participating in a federally mandated program to provide paid sick leave and paid family and medical leave to employees affected by the coronavirus (H.R. 6201, the Families First Coronavirus Response Act).

As Congress adjourns for the foreseeable future, discussions are already getting underway on a "Phase 4" stimulus package. The contours of the next legislative response to the pandemic will emerge in the coming weeks and months as policy makers get a better handle on the trajectory of coronavirus, the impact it has on the economy, and the effects of the prior congressional responses. To that end, there will likely be demands made on both sides of the aisle to not only address medium- to long-term economic recovery efforts but also to rectify any implementation issues related to the new laws' ability to address the health crisis and accompanying economic disruption.

Deloitte's Tax Policy Group will continue to keep you informed in this rapidly changing environment and hope you and your families are safe and secure.

Acknowledgments and contacts

COVID-19 response: A taxpayer guide to the CARES Act was prepared by the tax professionals in the Washington National Tax Office of Deloitte Tax LLP and published under the direction of Banks Edwards, Managing Partner, Washington National Tax, and Jon Traub, Managing Principal, Tax Policy.

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