



Coronavirus Aid, Relief and Economic Security Act

The “Coronavirus Aid, Relief and Economic Security Act,” also known as the “CARES Act,” was recently passed by Congress and signed by the President. The Act provides certain financial assistance to businesses and individuals during this current health emergency. We created this summary to provide you with a basic outline of some provisions that may affect your business.



Small-Business Loans (Payroll Protection Program)

Those with 500 or fewer employees, this includes franchises, hospitality and food-service businesses are eligible. The business must also have been running a payroll with the proper number of employees **no later than February 15, 2020**. Employees are counted as employees whether full-time, part-time, or by other status. Affiliation rules are expected to apply to non-franchise/hospitality/food-service businesses for purposes of employee count.

Permissible Uses of Loan Funds
Payroll, mortgages, rent, utilities, and other debts incurred before February 15, 2020.

Forgiveness

A loan balance may be forgiven for the payroll and other qualifying costs spent during the first eight (8) weeks of the loan after origination. The forgiveness is capped for payroll costs at \$10,000.00 per employee. This excludes any payroll costs to employees with salaries over \$100,000.00. The forgiven amount may be reduced if the business reduces its workforce at any time during the covered period or reduces pay to employees by more than 25% during the covered period. The forgiveness reductions may be avoided if a business rehires laid off workers or returns pay and benefits to original levels by June 20, 2020.

Application

An eligible business must apply no later than June 30, 2020. Fees may be waived.

Trion is working with its partners, including PNC Bank to assist its clients in navigating and securing the funding they need during these times. For additional questions for whether one of these loans may be right for your business, please consult with your accountant or lawyer regarding your specific circumstances.

Maximum Loan Amount

An eligible business may borrow the lesser of: a) its average monthly payroll costs (seasonal employers are treated separately) from the one-year period preceding the application date of the loan multiplied by 2.5; or, b) \$10,000,000.00.



Mid-Sized Businesses

Businesses with more than 500 employees, although they are not eligible for the Paycheck Protection Program loans, still may be eligible for certain direct loans. To be eligible, an eligible business must self-certify in “good-faith” the following:

The business intends to restore/rehire at least 90% of its Feb 1, 2020 workforce at the same pay and benefits as previous.

The business will not abrogate an existing collective-bargaining agreement.

The business will not outsource jobs for 2 years after repaying the loans (with a maximum loan terms of no more than 5 years).

The business will remain neutral in any union organizing efforts during the covered period.

Note: Non-compliance with the certification may result in recession of the loan.

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Employee Retention Tax Credit/Deferment

This credit will be applied against the employer's social-security tax liability, and if the credit results in overpayment, such overpayment will be refundable. If a business elects to take one of the small-business loans under the Act, or tax credits under the Families First Coronavirus Response Act (FFCRA), then the business is not eligible for the Employee Retention Tax Credit/Deferment. Requirements for eligibility:

- It was conducting a trade or business during the calendar year of 2020
- Business operations were fully or partial suspended under a government order due to COVID-19
- and-
- With respect to any calendar quarter:
- or-
- The business had a decline of at least 50% in gross receipts as compared to the same calendar quarter from the previous year.



Deferments

Additionally, employers may defer payment of their social-security taxes due from the period of the effective date of the Act until January 1, 2021, as long as at least 50% of the taxes to be due are paid by December 31, 2021, and the remaining amount is paid by December 31, 2022.

Note: Should your business elect to defer social-security tax payments, your business is solely liable for payment of those deferred amounts.



FFCRA Clarification

The Act clarifies if a business rehires an employee previously laid off, the rehired employee will be eligible for the emergency family leave under the FFCRA – as long as the employee has worked at least 30 of the past 60 days.

The Act also announced that the Secretary of Labor and IRS will provide future guidance on possible advances taken on tax credits.



Unemployment Insurance Changes

The Act also provides some changes in unemployment insurance. Specifically, “covered” individuals can obtain additional UI benefits if the individual was eligible to receive UI benefits from Jan 27, 2020 to Dec 31, 2020.

Benefit: The weekly benefit is increased to the state maximum, plus \$600/week for 39 weeks.



Self-Certification

Individuals may be eligible so long as they self-certify one of the following reasons:

1. The individual is experiencing symptoms or has been diagnosed with COVID-19.
2. A member of the individual's household has been diagnosed with COVID-19.
3. The individual is caring for another individual listed in (2).
4. A child or other person in the household for which the individual has primary caregiving responsibility is unable to attend school or another facility that is closed as a direct result of the COVID-19 public health emergency and such school or facility care is required for the individual to work.
5. The individual cannot reach their place of employment due to an imposed quarantine due to COVID-19.
6. The individual cannot reach his/her place of employment due to a self-quarantine order from a healthcare provider due to COVID-19.
7. The individual was scheduled to start a job but now does not have a job due to COVID-19.
8. The individual has become the breadwinner or major support for a household because the head of the house hold has died as a direct result of COVID-19.
9. The individual has to quit his or her job as a direct result of COVID-19.
10. The individual's place of employment is closed as a direct result of COVID-19; or,
11. The individual meets any additional criteria established by the Secretary for unemployment assistance under this section.

Exclusions: Those who can telework or are receiving paid sick leave or other paid benefits are ineligible for the UI benefits expansion.

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