



The Coronavirus Aid, Relief and Economic Security Act (CARES Act)

As expected, the CARES Act cleared the Senate by a vote of 96-0 just before midnight on March 25. The House appears positioned to pass the bill on Friday, March 27. President Trump has indicated he will sign the legislation.

AVMA continues to work through the details of the bill and will post a summary of the final bill on the website after enactment. Notably, the CARES Act represents the most significant stimulus package in our nation's history. It contains many complicated and intersecting provisions that will take time to interpret, particularly as we await further clarifications from the Department of Treasury, Department of Labor, and the Small Business Administration.

We know many of you have questions about the implementation of these legislative provisions. Information from the federal agencies will be made available on www.avma.org/coronavirus as it becomes available. We encourage you to submit your questions on the CARES Act or the Families First Coronavirus Response Act via coronavirus@avma.org; these will inform a FAQ document to follow.

In the meantime, here is what veterinarians and veterinary business owners need to know about the CARES Act:

Supports Businesses to Retain Their Employees and Maintain Operations

- **Provides access to forgivable loans.** The bill includes a new paycheck protection program through the Small Business Administration (SBA) 7(a) program that would provide loans for payroll and operating costs for small businesses, sole proprietors, self-employed, and independent contractors. The program allows loan funding to support payroll, paid leave, rent, utilities, and health insurance premiums. Notably, the program offers substantial loan forgiveness for qualified expenses and defers remaining loan payments up to one year, while also waiving borrower and lending fees.
- **Tax credits and tax deferrals to support small businesses.** While federal guidance is needed, the bill will allow employers to receive an advance tax credit instead of having to wait for reimbursement on the back end. There are a number of tax policies included, such as a new retention tax credit; allowing for employers to make tax-free student loan repayment contributions on behalf of their employees; and allowing for the deferment of employer payroll taxes through 2020.

Expands Unemployment Insurance Benefits in Light of COVID-19 Emergency

- **Expands the size and scope of unemployment benefits.** The bill creates a new and temporary pandemic unemployment insurance program to cover individuals who may be unemployed, partially unemployed, or unable to work because of COVID-19 and otherwise ineligible for unemployment benefits. This includes self-employed individuals and independent contractors. The program is designed to replace lost wages for up to four months and provides a \$600 federal benefit in addition to state benefits.

Individual Supports

- **Individual “recovery rebates.”** The bill provides a tax credit of \$1,200 for individual filers (\$2400 for joint filers) plus \$500 per child. The credit is phased out for individuals with adjusted gross income over \$75,000 (\$150,000 joint filers). The credit phases out completely at \$99,000 for individuals and \$198,000 for joint filers. The Administration is expected to advance the “rebate” tax credit as rapidly as possible.
- **Provides federal student loan relief for 6 months.** Provides six months of relief on federal student loan payments and suspends interest accrual (through Sept. 30, 2020). During this time, borrowers would receive credit for making payments in order to remain on track for loan forgiveness programs such as the Public Service Loan Forgiveness (PSLF) Program. The bill would also temporarily suspend debt collections on federal loans.
- **Relaxed rules on retirement accounts.** The law waives the 10% penalty on early distributions from retirement accounts for 2020. Additionally, individuals subject to mandatory minimum distributions from their retirement accounts would be able to keep their capital invested instead of being forced to cash out to draw on that capital without penalty, which would be suspended for 2020.

As mentioned, the federal government has several departments engaged in implementation of the coronavirus response legislation, including the Department of Treasury, Department of Labor, and the Small Business Administration. Each has a website dedicated to COVID-19 resources and developments, available here:

- Department of Treasury Internal Revenue Service COVID-19 resources and guidance: <https://www.irs.gov/coronavirus>
- Department of Labor page for COVID-19 resources and most recent press releases: <https://www.dol.gov/coronavirus>
- Small Business Administration COVID-19 resources: <https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>