

Businesses would get lifeline for wages in Senate coronavirus package

By Aaron Lorenzo

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Businesses would get a tax credit for keeping workers on their payrolls during the coronavirus pandemic, so long as the businesses meet certain criteria, in economic stimulus legislation the Senate is expected to release Wednesday.

The initiative would give a fully refundable tax credit to any business or non-profit that has a furloughed or reduced workforce due to the coronavirus, according to a Senate Democratic aide. The credit would cover employee wages and be applied against the employer's share of payroll taxes.

But since the legislation is also expected to suspend employer payroll tax payments, the businesses could get advance payments instead through the Treasury Department.

All eligible businesses could claim a 50 percent credit on wages up to \$10,000 per employee. Certain small employers with 100 or fewer employees get a 50 percent credit for all wages paid, regardless of whether they furlough their workers.

To qualify, a business must have recorded a 50 percent loss in gross receipts in the current calendar quarter compared to the same three-month period a year earlier. Treasury has discretion to write rules allowing companies that didn't exist last year to qualify for the credit.

The provision was originally meant just for small business but ended up being made widely available.

Supporters said the special credit threads a needle between dueling Republicans and Democrats. It will simultaneously benefit companies and workers facing cash crunches, rather than favoring one over the other, the advocates said.

"This measure provides swift and substantial financial help to businesses affected by coronavirus so they can keep their employees on payroll instead of being forced to lay them off," said Rep. [Stephanie Murphy](#) (D-Fla.), who pushed to have the credit apply on a much larger scale than originally planned.

"It's a smart, targeted measure that will help millions of hard-working Americans stay on the job," she said in a statement.

Eligible companies, which can make claims for retaining employees through the end of this year, wouldn't qualify for special loans available through the Small Business Administration if they opted instead for the retention credit.

The concept underlying the credit goes back almost 15 years, when Hurricane Katrina ravaged New Orleans and other parts of the southeast Gulf Coast. Following that catastrophe, damaged businesses that had fewer than 200 employees could claim a tax credit equal to 40 percent of the first \$6,000 of wages paid to workers through the end of the year.

More recently, a variation of the credit was available after 2017's series of massive storms, including Hurricane Harvey in Texas and Hurricanes Irma and Maria in Puerto Rico. It was also worth 40 percent of up to \$6,000 on wages paid.

Murphy's idea gained momentum recently when Sen. [Ron Wyden](#) of Oregon, top Democrat on the Finance Committee, floated a slightly different version of the credit to include in the coronavirus stimulus legislation that the Senate has developed over the past two weeks.