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$900 billion economic relief package – support for businesses and healthcare providers

INSIGHTSLEGAL UPDATE

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The below information is current as of the publication date listed. Because COVID-19 response measures on all fronts are continually evolving, clients should stay alert to new developments and consult with counsel on any critical questions.

After much negotiation, and a few twists and turns, on Sunday, December 27, President Trump signed the

Consolidated Appropriations Act (the Relief Act) into law. In addition to providing Congress with a budget for the upcoming fiscal year, the Relief Act provides nearly $900 billion in coronavirus-related aid that will be allocated among numerous designated programs. Although there are several components that comprise the Relief Act, many of which benefit American citizens at large and specific industries, the below is a brief overview of a few provisions that provide support for businesses.

Paycheck Protection Program (PPP)

The original PPP loan program was created by the Coronavirus Aid, Relief and Economic Security (CARES) Act in March of this year. Given the overall success of PPP and the impact that winter weather may have on certain businesses, Congress has renewed PPP for a second round. However, it is important to note that this second round comes with new eligibility, tax, spending and other rules that are in some instances significantly different than the first round. Business owners and their advisors should carefully review the new rules to maximize PPP loan proceeds and develop a plan for ongoing compliance related to loan forgiveness.

Tax credits and employment issues

The Relief Act extends and expands the previously enacted refundable Employee Retention Tax Credit (a refundable tax credit against certain employment taxes). Additionally, the Relief Act extends the family and sick leave tax credits. However, in order to take advantage of these tax credits, businesses should also consider corresponding employment law issues such as: proper documentation of start-stop dates for employees, ensuring that wage thresholds and only eligible employees are “counted” for purposes of the tax credits and other general payroll tax and employee-employer governance concerns. Employers are advised to take advantage of all tax credits available to them in this ever-changing economic and legislative environment.

Healthcare providers

The Relief Act provides $3 billion to the Provider Relief Fund (PRF). Qualified providers of health care, services and support may receive PRF payments for healthcare-related expenses or lost revenue due to COVID-19. It is highly recommended that healthcare providers seek guidance to determine their eligibility and ensure that all PRF funds are spent appropriately.

Seek legal counsel

Regulations and additional guidance regarding the Relief Act and the second round of PPP are still forthcoming. Saxton & Stump’s team of attorneys, including Rick Calabrese, can provide assistance to business owners and their advisors in further understanding, analyzing and implementing the provisions. In addition, Saxton & Stump is able to assist with other tax, business, employment and healthcare matters as businesses seek solutions to overcome the impact of the COVID-19 pandemic.

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