The Federal CARES Act

What You Need to Know

The federal government has just passed the CARES Act (H.R. 748). The CARES Act is designed to aid the American public and economy while the nation deals with the coronavirus (COVID-19) pandemic.

As a member of TRAA we want to give you a quick overview on four (4) elements of the CARES Act that may help your company:

- **Paycheck Protection Program**- this program provides loans to small businesses equivalent to 10 weeks of an employer’s payroll expenses. These loans convert to a grant after an eight week period assuming the employer has not laid off their workforce. Contact an Small Business Administration (SBA) approved lender and let them know that they want to apply for a loan under the Paycheck Protection Program. Find a SBA-approved lender here: [https://www.sba.gov/funding-programs/loans/lender-match](https://www.sba.gov/funding-programs/loans/lender-match)

- **Small Business Administration (SBA) Economic Injury Disaster Loan (EIDL)**- If you have suffered substantial economic injury and located in a declared disaster area, you may be eligible for an SBA EIDL. These loans are for up to $2 million and are available directly from the SBA. Apply here: [https://disasterloan.sba.gov/apply-for-disaster-loan/index.html](https://disasterloan.sba.gov/apply-for-disaster-loan/index.html)

- **Employee Retention Payroll Tax Credit**- If you have suffered a significant decline in gross receipts you may be able to receive a payroll tax credit for as much as $5,000 per employee for wages paid after March and before January 1, 2021 (CARES Act Section 2301; Tax Code Section 3111). Contact your accountant for more information.

- **Employer Payroll Tax Delay**- Allows employers to defer the deposit of the employer's share of social security taxes (but not Medicare taxes). Specifically, all employer social security taxes otherwise required to be deposited between the date of enactment and December 31, 2020, are not required to be deposited on the normal deposit schedule. Instead, half of such taxes would be required to be deposited by December 31, 2021. The remaining deferred social security taxes would be required to be deposited by December 31, 2022. [CARES Act Section 2302; Tax Code Sections 3111(a) and 1401(a)]. Contact your accountant for more information.
Thank you for your membership in TRAA, "the voice of America's towing industry!" We hope this information is helpful during this difficult time.