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# Resources for MVLS Volunteers: Looking for Pro Bono Cases?



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# Pro Bono Portal

## WELCOME TO THE MVLS PRO BONO PORTAL!

Select a case today by reviewing available cases shown below in real time. You can click "Learn More" to express your interest in the case, or click "Share Case" to forward the available case to a colleague.

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### Single Mom Can't Afford A Large Payment

Client is being sued by her former landlord for \$4146.59. She admits she owes some but not all of the debt and is hoping to reduce the amount she has to pay. Court date set for 7/20/18 at 1:30pm.

**Location:** Baltimore County  
**Ref. #:** 18-0138741  
**Case Type:** Debt Collection

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### I Admit To The Debt, But Can We Negotiate A Settlement.

Client is being sued for \$933.00 for failing to make payments towards a debt. Client agrees that she owes the debt. There are no judgments entered in the case. Client has paid approximately \$300 toward the debt and would like to work out a settlement for the remaining. Affidavit Judgment Hearing: 7/23/18 at 1:00PM. Trial: 8/3/18 at 9:00AM.

**Location:** Washington  
**Ref. #:** 18-0138685  
**Case Type:** Debt Collection

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### You Have Left Me No Other Choice But To File For Rent Escrow.

Client wishes to initiate a rent escrow case after nothing has been done to make repairs. Client has lived in the property since October 2016 and problems in the unit began in December 2017. To date LL, has not tried to resolve the mold issue, flooding, falling attic stairs, and the hole in the ceiling.

**Location:** Baltimore County  
**Ref. #:** 18-0138671  
**Case Type:** Landlord-Tenant

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### Landlord Requests The Move, Now Refusing My Security Deposit.

Client filed suit against her previous Landlord for the return of her security deposit and three times the amount. Client only lived in the property for 3

### Looking Towards A Fresh Start

Client seeks help with expunging her criminal record.

### Here's To New Beginnings!

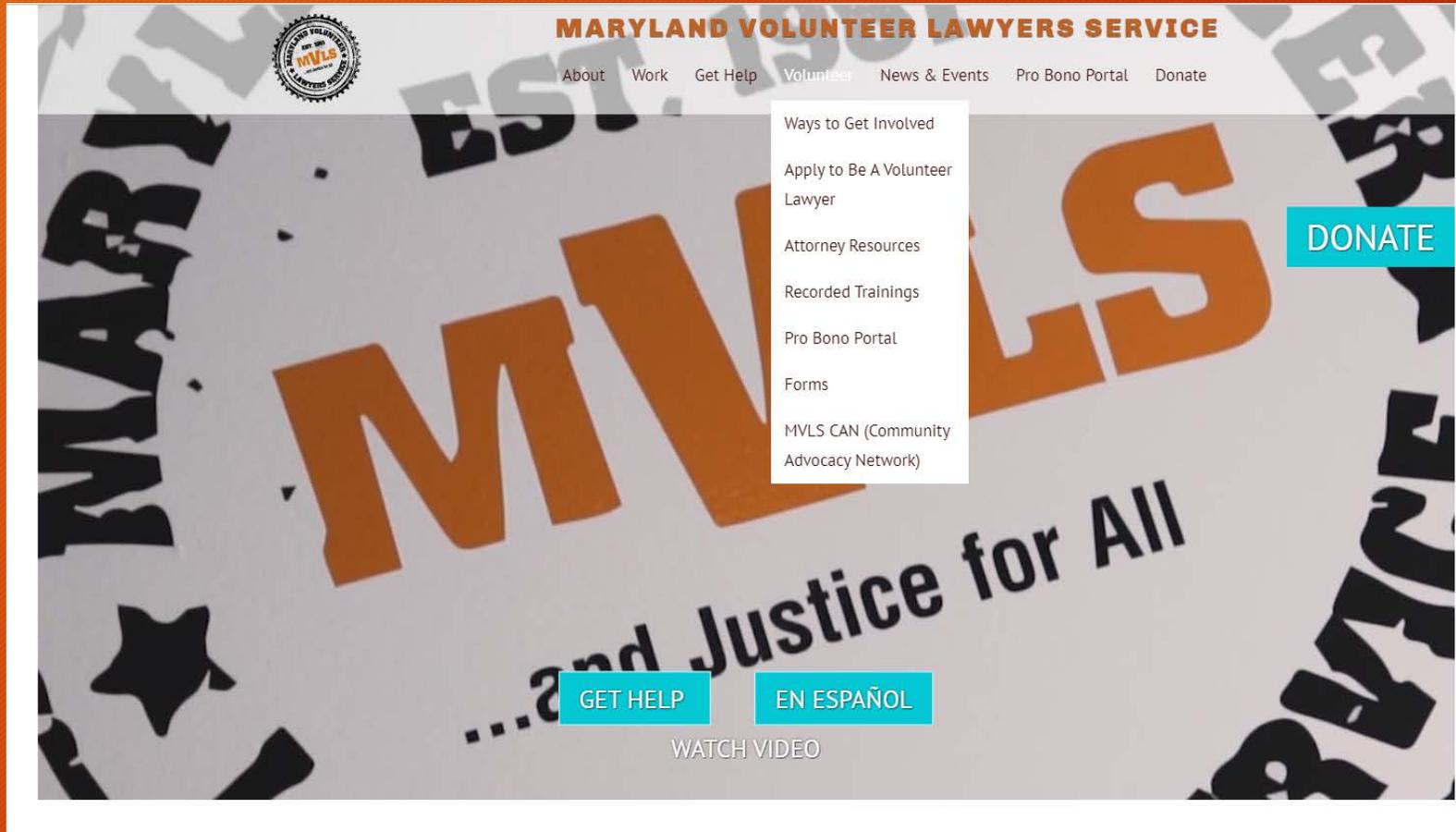
Client seeks to go over her criminal record with a volunteer and to have the eligible cases expunged from her record.

# FREE Recorded Trainings:

Go to [mvlslaw.org/recorded-trainings](https://mvlslaw.org/recorded-trainings)

- Recordings of past trainings are available in the following categories:
  - -Consumer
  - -Estate Planning & Estate Administration
    - -Expungement
    - -Family Law
    - -Housing
  - -Human Trafficking Prevention
    - -Tax
  - -Miscellaneous (business and soft skills)

- NOT A VOLUNTEER?
- SIGN UP TODAY!



By: Shannon Byrne

Justin Williams

Michael March

# You Should CARE(s): Tax, Grant and Loan Implications of the CARES Act

# Rosenberg, Martin, Greenberg, LLP

## Small Business Loan Relief Team



**Justin Williams**  
Partner, Land Use and Zoning



**Shannon Byrne**  
Associate, Real Estate



**Michael March**  
Associate, Tax Controversy

# Overview

1. CARES Act
  - A. Paycheck Protection Program
  - B. Economic Injury Disaster Loan
2. State Loan and Grants Available
3. Tax Implications of the CARES Act

# Coronavirus Aid, Relief, and Economic Security Act (H.R. 748) - Third Round of Federal Covid-19 Support

## Phase 1

Initial Support and Vaccine Development

- The Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 (P.L. 116-123)**
- \$8.3 billion in COVID-19 response funding for federal agencies to respond
  - Enacted March 6, 2020

## Phase 2

Paid leave, unemployment, and food assistance

- Families First Coronavirus Response Act (P.L. 116-127)**
- \$100 billion in worker assistance, including emergency paid sick leave, food assistance, and unemployment payments.
  - Enacted March 18, 2020

## Phase 3

Economic Stimulus Package

- CARES Act (P.L. 116-136)**
- Major stimulus package (\$2 trillion)
  - Loans and support for major industries
  - Direct payments to individuals and families
  - Enacted March 27, 2020

# CARES Act – Key Small Business Provisions

- Providing Additional Capital:
  - Appropriates \$350 billion in forgivable loans (Paycheck Protection Program) to small businesses.
  - Expands eligibility for Economic Injury Disaster Loan Program (EIDL)
  - Designates some of the \$425 billion appropriated for the Federal Reserve's credit facilities to be used to support small businesses (includes Main Street Lending Program)
- Tax Provisions
  - Codifies a delay in employer-side social security payroll taxes until 2021 or 2022
  - Creates a refundable 50% payroll tax credit on worker wages
  - Establishes less strict operating loss-reduction rules, allowing businesses to obtain more tax relief
- Unemployment Insurance
  - Provides expanded unemployment insurance benefits to sole proprietors, in addition to other self-employed workers

# SBA Paycheck Protection Program Loan (“PPP”)

\$350 billion program created by Section 1102 of the CARES Act to provide cash-flow assistance through 100% SBA guaranteed loans to employers through a newly created Section 7(a) loan program.

Note: Treasury Department guidance is evolving and new FAQs are released nearly daily. FAQ #17 states the borrower and lender may rely upon laws, rules, and guidance available at the time of application.



# PPP - Overview

- Applications are submitted through an SBA-approved lender
- Eligibility: Most organizations (including non-profits, sole proprietorships, independent contractors) that have 500 or fewer employees are eligible.
- Loan Features:
  - Up to 250% of one month's payroll (up to \$10mm) to cover payroll, rent (or mortgage interest), and utilities in the 8-week period after loan disbursement
  - Loan will be forgiven if 75% used for payroll costs, with balance on other qualifying expenses)
  - 1% interest rate; 2-year maturity period
  - Initial payment deferred for 6 months
  - No collateral or personal guarantee required
  - No fees payable to the SBA

## Payroll Costs Defined (see Interim Rule §2.f)

- compensation to employees (whose principal place of residence is the US) in the form of salary, wages, commissions, or similar compensation; cash tips or the equivalent (based on employer records of past tips);
- payment for vacation, parental, family, medical, or sick leave;
- allowance for separation or dismissal;
- payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums, and retirement;
- payment of state and local taxes assessed on compensation of employees

## Notable Exclusions:

- compensation to employees whose principal place of residence is outside US;
- portion of compensation of individual employees in excess of \$100k annual salary;
- certain federal taxes;
- sick/family leave wages for which a credit is allowed under the FFCRA.

# PPP Application Submitted Directly to Bank

Business Legal Name		Business TIN (EIN, SSN)		Business Phone	
				( ) -	
Business Address		Primary Contact		Email Address	
Average Monthly Payroll: \$		x 2.5 + EIDL, Net of Advance (if Applicable) Equals Loan Request: \$		Number of Employees:	
Purpose of the loan (select more than one):					
<input type="checkbox"/> Payroll <input type="checkbox"/> Lease / Mortgage Interest <input type="checkbox"/> Utilities <input type="checkbox"/> Other (explain): _____					
Applicant Ownership					
List all owners of 20% or more of the equity of the Applicant. Attach a separate sheet if necessary.					
Owner Name	Title	Ownership %	TIN (EIN, SSN)	Address	

*If questions (1) or (2) below are answered "Yes," the loan will not be approved.*

- SBA released a form document; however lenders are authorized to prepare their own forms that fit into their own IT infrastructure
- Existing 7(a) lenders have been moving faster in making applications available, but many are prioritizing existing borrowers.
- FinTech firms (PayPal, Square, Intuit) were recently authorized to distribute loans under the program.



# PPP - Eligibility Details Interim Final Rule

## You are eligible for a PPP loan if you are:

1. A “small business concern” (based on existing [SBA size criteria](#)),
2. A business concern, nonprofit, veterans organization or Tribal business with fewer than 500 employees, or
3. A sole proprietorship or self-employed individual having bona fide business expense documents.

## You are ineligible, despite meeting requirements, if:

1. The business is engaged in an illegal activity,
2. An owner of 20% or more of the borrower is incarcerated, on probation, on parole, subject to indictment or has been convicted of a felony within the last five years, or
3. The borrower has previously defaulted (or is delinquent) on an SBA loan within the last seven years
4. The business that operates in industry described in 13 CFR 120.110.

# PPP – Independent Contractors and Sole Proprietors

- Application window opened on April 10, 2020
- Interim Rule Guidance states:
  - You must also submit such documentation as is necessary to establish eligibility such as payroll processor records, payroll tax filings, or Form 1099- MISC, or income and expenses from a sole proprietorship.
  - For borrowers that do not have any such documentation, the borrower must provide other supporting documentation, such as bank records, sufficient to demonstrate the qualifying payroll amount.
- “Payroll costs” are identified for independent contractors or sole proprietors as:
  - wages,
  - commissions,
  - income, or
  - net earnings from self-employment or similar compensation.

# PPP – Calculating Maximum Amount to Borrow

Step 1: Aggregate payroll costs from the last 12 months for employees whose principal place of residence is the US.

Step 2: Subtract any compensation paid to an employee in excess of an annual salary of \$100k and/or any amounts paid to an independent contractor or sole proprietor in excess of \$100k/yr.

Step 3: Calculate avg. monthly payroll costs (divide amount from Step 2 by 12).

Step 4: Multiply avg. monthly payroll costs from Step 3 by 2.5.

Step 5: Add the outstanding amount of an Economic Injury Disaster Loan (EIDL).

Ex. 1: No employees make more than \$100k/yr

Annual payroll: \$120k

Avg monthly payroll: \$10k

Multiply by 2.5: \$25k

Max. loan amount: \$25k

Ex. 2: Some employees make more than \$100k/yr

Annual payroll: \$1.5mm

Subtract compensation in excess of annual salary of \$100k: \$1.2mm

Avg monthly qualifying payroll: \$100k

Multiply by 2.5: \$250k

Max loan amount: \$250k



# PPP – Permitted Uses

- Payroll Costs – Per Interim Rule, at least 75% of loan proceeds Must be Used for Payroll Costs per Interim Rule, 25% from uses below.
- Costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums;
- Mortgage interest payments (but not mortgage prepayments or principal payments);
- Rent and Utility payments;
- Interest payments on any other debt obligations that were incurred before February 15, 2020; and/or
- Refinancing an SBA EIDL loan made between January 31, 2020 and April 3, 2020

# PPP – Loan Forgiveness

A borrower is eligible for loan forgiveness equal to the amount the borrower spent on the following items during the 8-week period beginning on the date of the origination of the loan:

- Payroll costs (using the same definition of payroll costs used to determine loan eligibility)
- Interest on the mortgage obligation incurred in the ordinary course of business
- Rent and utility payments
- Interest on other debt obligations incurred before February 15, 2020
- *Reminder: Not more than 25% of the forgiven amount may be for non-payroll costs*



# PPP – Loan Forgiveness Reduction

Maximum forgiveness amounts will be reduced:

- Proportionately for reduction in average full-time equivalent employees (FTEs) prior to February 15, 2020 and the 8-week loan forgiveness period.
- Dollar-for-dollar for any wage or salary reduction of an employee in excess of 25%, measured against wage/salary for such employee during the most recently full quarter prior to loan origination.
- For any advances taken on SBA economic injury disaster loans (EIDL).

However, reductions in employment or wages that occur between 2/15/20 and 4/26/20 compared to pre-2/15/20 shall not reduce the amount of loan forgiveness if by June 30, 2020, the borrower eliminates the reduction in employees or wages.

# SBA Economic Injury Disaster Loan (“EIDL”)

The SBA offers a direct loan product for businesses/organizations in a designated disaster area, which now includes the entire United States due to COVID-19. The CARES Act expanded eligibility for EIDL program and provided ability for applicants to receive an advance of up to \$10,000\* that does not have to be repaid (even if the EIDL is ultimately denied).

However, early reports on status of processing are not positive...

# EIDL Overview

As first announced in March 2020:

- Maximum \$2mm working capital loan directly from SBA at a rate of 3.75% for businesses and 2.75% for non-profits with up to a 30-year term.
- Generally same entities eligible as eligible for PPP (businesses < 500 employees, sole proprietors, independent contractors, most private nonprofits).
- Payments deferred for one year.
- Up to \$200k without a personal guarantee; No collateral required for loans of \$25k.
- Intended for use on fixed debts, payroll, accounts payable, and other bills.
- **Grant: Applicants can receive a \$10k grant within 3 days of application (through Dec. 31).**
- Website still accepting applications: <https://covid19relief.sba.gov/>
  - Minimal documentation necessary; applicant must have suffered "substantial economic injury"



# Economic Injury Disaster Loan Reality: A Disaster

- SBA is limiting max loan to \$15k (down from \$2mm)
- SBA is limiting grants to \$1,000 per employee, up to \$10k cap
- SBA reports that the grant is in addition to the \$15k total
- Very few applicants report receiving grants or loans as of April 10th

# Common PPP/EIDL Questions

For EIDL Qs, check SBA SOP 50 30 9

For PPP Qs, check Interim Rule and Treasury's PPP website for FAQs.

## 1. Can borrowers apply for both?

- Yes, however, EIDLs and PPP loans cannot be used for same purpose/expenses.
- Borrowers can refinance an EIDL into a PPP loan to take advantage of PPP forgiveness provisions.
- The EIDL amount is added to payroll calculation up to PPP \$10mm cap.

# Common PPP/EIDL Questions

2. How do I calculate payroll costs for employees who make more than \$100k/yr?
  - Cap monthly salary calculation at \$8,333/mo.
  - Per Treasury Guidance: The exclusion of compensation in excess of \$100k annually applies only to cash compensation, not to non-cash benefits, including:
    - employer contributions to defined-benefit or defined-contribution retirement plans;
    - payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums; and
    - payment of state and local taxes assessed on compensation of employees
  - Remaining ambiguity: guidance does not reference “payment for vacation, parental, family, medical, or sick leave,” although it is an acceptable use of PPP.

# Common PPP/EIDL Questions

3. Impact to PPP loan forgiveness if employees are terminated, or someone quits, or business can't stay open after June 30<sup>th</sup> or 8-week window?
  - Can hire different individuals; just need to reach pre-crisis FTE numbers by June 30<sup>th</sup>
  - After 8-week window, no responsibility of owner to keep business open; will still be eligible for forgiveness
  
4. What if I can't reopen business until [after shelter-in-place order]?
  - Can wait to apply anytime until June 30<sup>th</sup>.
  - Some uncertainty as there is only a finite amount of money allocated to the program.
  - Can alternatively pay employees to stay home for duration of shelter-in-place.

# State and Other Programs

Maryland

New Jersey

Pennsylvania

County Level and Community  
Assistance

# Maryland

## Maryland Small Business Covid-19 Emergency Relief Loan Fund

### Qualifications:

- For Profit business based in Maryland
- Must be in good standing with the State of Maryland
- Business must have been established prior to March 9, 2020
- Minimum credit score of 575.

Maximum amount available is \$50,000

Not a grant

### Expenses it can be used for:

- Payroll Expenses
- Rent
- Mortgage
- Utility expenses
- Fixed debts
- Accounts payable
- Expenses incurred during the ordinary course of business.

Link: <https://onestop.md.gov/forms/maryland-small-business-covid-19-emergency-relief-loan-fund-5e7a6d838bdbb100fe352aa9>

(We anticipate applications being the same or similar, so prospective applicants should have all of this information ready in case the program is refunded.)

# Maryland

## Maryland Small Business Covid-19 Emergency Relief Grant Fund

Does not have to be repaid

Qualifications:

- For profit or nonprofit based in Maryland
- Must be in good standing with the State of Maryland
- Established prior to March 9, 2020
- Annual revenues of less than 5 million

Up to \$10,000 available

Expenses it can be used for:

- Payroll Expenses
- Rent
- Mortgage
- Utility expenses
- Fixed debts
- Accounts payable
- Expenses incurred during the ordinary course of

business.

Link: <https://onestop.md.gov/forms/maryland-small-business-covid-19-emergency-relief-grant-fund-5e7a6d8db5d67700fe1e6050>

(We anticipate applications being the same or similar, so prospective applicants should have all of this information ready in case the program is refunded.)

# Pennsylvania

## Critical Working Capital Access (CWCA) - Pennsylvania

- Loans up to \$100,000 for working capital for small businesses
- Retail/Service enterprises are capped at 50% of eligible working capital costs up to \$100,000
- No interest rate
  - Agricultural producers may only borrow at a 2% rate
- Three-year term with a 12-year amortization
- Payments deferred in first year
- Balloon payment at end of third year
- First lien on all current and future assets for the term
- Guarantee required by an individual or entity with a 20% or greater ownership interest
- Link: <https://dced.pa.gov/cedo/>

# New Jersey

## New Jersey Economic Development Authority - Small Business Emergency Assistance Loan Program

- Your business must be based in New Jersey
- Must be in good standing in New Jersey
- Maximum annual revenue of 5 million
- Maximum loan amount is \$100,000
- Can be used for the following expenses:
  - Payroll expense
  - Rent payments
  - Mortgage payments
  - Utility expenses
  - Fixed debts
  - Accounts payable
  - Ordinary business expenses
- Payments terms: 0% interest first five years then prevailing interest rate capped at 3%. 10-year amortization and deferred payments for 12 months, no fees first 5 years, then standard fees apply
- No loan forgiveness.
- Link: <https://forms.business.nj.gov/loan/> (We anticipate applications being the same or similar, so prospective applicants should have all of this information ready in case the program is refunded.)

# New Jersey

## New Jersey Economic Development Authority - Small Business Emergency Assistance Grant Program

- Available to small for-profit businesses and nonprofits with between 1 and 10 full-time employees
- Your business must be based in New Jersey
- Must be in good standing in New Jersey
- Business must be classified in one of the following industries: Retail; Accommodation and Food Services; Arts, Entertainment and Recreation; and Other Services. (Based on business' NAICS Code - Link: <https://www.naics.com/search/>)
- Grants between \$1,000 - \$5,000 per application
- Grant values are calculated at \$1,000 per full-time employees reported on the applicant business' WR-30 filed with the New Jersey Department of Labor and Workforce Development
- Grant can be used to provide unrestricted payroll and working capital support
- Grant cannot be used for any capital expenses
- Link: [https://www.njeda.com/pdfs/NJEDA\\_COVID-19\\_Economic-Response-Package-Initial-W](https://www.njeda.com/pdfs/NJEDA_COVID-19_Economic-Response-Package-Initial-W) (We anticipate applications being the same or similar, so prospective applicants should have all of this information ready in case the program is refunded.)

# County Level and Community Assistance

- **Montgomery County, MD:**
  - Public Health Emergency Grant Program: County small businesses and nonprofits with 100 or less full-time employees can apply for up to \$75,000 to be used for employees' benefits, wages, taxes, debt, rent and other operating losses.  
(<https://www.montgomerycountymd.gov/biz-resources/pheg/>)
  - Teleworking Grant: County businesses and nonprofits can apply for up to \$2,500 to purchase teleworking equipment and technology to support teleworking capabilities during COVID-19 crisis.
- **Prince George's County, MD:**
  - COVID-19 Business Relief Fund: County businesses can apply for a loan of up to 6 months of verified payroll and operating expenses (not to exceed \$100,000). Payments are deferred for the first 12 months; Fixed interest rate at 3.75%; 3-year term at 10-year amortization. Requires a personal guaranty and a lien on all assets.
  - PG County Grant Program: Grant assistance provides up to \$10,000 for businesses with more than 10 employees and up to \$5,000 for businesses with less than 10 employees.
  - (<https://www.pgcedc.com/covid-business-fund-2020>)
- **Allegany County, MD**: The Allegany County Board of Commissioners created the COVID-19 Small Business Assistance Fund, which makes available \$2,500 grants to qualifying small businesses with no repayment.  
(<https://resources.inallegany.org/2020/03/commissioners-establish-covid-19-small-business-assistant-fund-for-alleganys-small-businesses-impacted-by-pandemic/>)
- **Carrol County, MD**: County businesses established before March 5, 2020, with between 2 to 25 full-time employees can apply for grants of \$1,250 to be used for working capital to support payroll, rent, mortgage payments and utility expenses  
(<https://carrollbiz.org/small-business-covid-19-emergency-relief-fund/>)
- **Baltimore City, MD**: Brandon Scott has *proposed* a \$10 Million to Establish a Loan Fund for Businesses: We should support Baltimore's small businesses by tapping the Rainy Day Fund to create a \$10 million small business loan fund. This fund could provide loans up to \$50,000 to help operations continue and support employees with payroll, benefits, and other essential expenses.  
(<http://www.baltimorecitycouncil.com/sites/default/files/files/Supporting%20Baltimore%20During%20and%20After%20COVID-19%20-%20Council%20President%20Scott.pdf>)
- **VA 30 Day Fund**: Nonprofit fund to provide fund to VA businesses that employ 3 to 30 people, are based in VA, have been operating for at least 1 year, and are owned and operated by a VA resident. (<https://va30dayfund.com/about/>)
- **LISC + Verizon**: The LISC Rapid Relief and Resiliency Fund will use funding from Verizon to provide grants of up to \$10,000 to businesses facing immediate financial pressure because of COVID-19—especially entrepreneurs of color, women-owned businesses and other enterprises in historically underserved communities who don't have access to flexible, affordable capital. (<https://www.lisc.org/covid-19/verizon-small-business-recovery-fund/>)

# Tax Implications

## Business Tax Provisions

### Employee Retention Tax Credit

The Act provides a refundable credit against payroll tax for 50 percent of wages paid to certain employees during the COVID-19 crisis, through December 31, 2020. To qualify for the credit, the employer must have (i) fully or partially suspended its operations as a result of a government order limiting commerce, travel or group meetings, or (ii) suffered a reduction in quarterly receipts of greater than 50 percent on a year-over-year basis. These requirements apply to non-profit organizations as well.

The credit applies to the wages of employees who have been furloughed or had their hours reduced. For employers with 100 or fewer full-time employees, all employees' wages are eligible, regardless of whether such employees have been furloughed. For eligible employees, the credit is available for wages and other compensation (including health benefits) of up to \$10,000 paid to each eligible employee, with a few exceptions.

### Employer Payroll Tax Deferral

The Act allows employers to defer their payments (employer portion) of certain payroll taxes through December 31, 2020. The covered taxes include the employer portion of FICA taxes, 50 percent of SECA tax liability, and the employer and employee representative portions of Railroad Retirement taxes. Deferred employer payroll tax amounts are due in two installments of 50 percent each - one by December 31, 2021 and the other by December 31, 2022. Note This deferral provision does not apply to employers that take advantage of SBA 7(a) loans designated for payroll.

# Tax Implications

## Individual Tax Provisions

### Special Rules for Use of Retirement Funds

The Act provides a waiver of the 10% tax on early distributions from defined-contribution plans (such as 401(k) plans) and IRAs for coronavirus-related amounts. For these purposes, a coronavirus-related distribution of up to \$100,000 may be made between January 1 and December 31, 2020, for an individual who is (or whose family) is infected with the coronavirus or who is economically harmed by the coronavirus. Individuals receiving such distributions may re-contribute such amounts to the IRA or plan. Defined contribution plans may allow plan loans of up to \$100,000 and repayments for existing plan loans for employees who are affected by the coronavirus are extended.

### Temporary Waiver of Required Minimum Distribution Rules for Certain Retirement Plans and Accounts

The Act provides a waiver of the required minimum distributions from defined-contribution plans (such as 401(k) plans) and IRAs for 2020. The waiver includes required minimum distributions that are due by April 1, 2020 as a result of the account owner having turned 70 ½ in 2019.

### Partial Above-the-line Deduction for Charitable Contributions During 2020

The Act provides for a \$300 above-the-line deduction for cash contributions to public charities in 2020.

### Exclusion for Certain Employer Payments of Student Loans

An employee generally may exclude \$5,250 from income for an employer-sponsored educational assistance program. The Act revises the definition of expenses to also include an employer repaying student loan debt. This provision applies to student loan payments made on or before December 31, 2020.

# Tax Implications

The Act provides for recovery rebates of \$1,200 for individuals (\$2,400 for joint filers) and \$500 per dependent child. These rebates are treated as refundable tax credits (i.e., refunded to taxpayers without offsetting tax liability) and are not treated as taxable income.

Unemployment benefits generally result in taxable income and the Act does not provide an exception to this treatment for such benefits provided under the Act.

Note that IRS Notice 2020-18 has extended the due date for April 15, 2020 estimated tax payments to July 15, 2020. However, the due date for the June 15, 2020 payment has not (yet) been extended.

IRS Notice 2020-21 provides that employment tax credits for paid qualified sick leave wages and paid qualified family leave wages required by the Families First Coronavirus Response Act (the "FFCRA") apply to such wages and compensation paid from April 1, 2020 through December 31, 2020. Similarly, the days April 1, 2020 through December 31, 2020 will be taken into account for credits for paid qualified sick leave equivalents and paid qualified family leave equivalents for certain self-employed individuals provided by the FFCRA.

# Tax Controversy Implications

**Existing Installment Agreements** -For taxpayers under an existing Installment Agreement, payments due between April 1 and July 15, 2020 are suspended. Taxpayers who are currently unable to comply with the terms of an Installment Payment Agreement, including a Direct Debit Installment Agreement, may suspend payments during this period if they prefer. Furthermore, the IRS will not default any Installment Agreements during this period. By law, interest will continue to accrue on any unpaid balances.

**Offers in Compromise (OIC)** - The IRS is taking several steps to assist taxpayers in various stages of the OIC process:

**Pending OIC applications** - The IRS will allow taxpayers until July 15 to provide requested additional information to support a pending OIC. In addition, the IRS will not close any pending OIC request before July 15, 2020, without the taxpayer's consent.

**OIC Payments** - Taxpayers have the option of suspending all payments on accepted OICs until July 15, 2020, although by law interest will continue to accrue on any unpaid balances.

**Delinquent Return Filings** - The IRS will not default an OIC for those taxpayers who are delinquent in filing their tax return for tax year 2018. However, taxpayers should file any delinquent 2018 return (and their 2019 return) on or before July 15, 2020.

**New OIC Applications** - The IRS reminds people facing a liability exceeding their net worth that the OIC process is designed to resolve outstanding tax liabilities by providing a "Fresh Start." Further information is available at [IRS.gov](https://www.irs.gov)

**Non-Filers** -The IRS reminds people who have not filed their return for tax years before 2019 that they should file their delinquent returns. More than 1 million households that haven't filed tax returns during the last three years are actually owed refunds; they still have time to claim these refunds. Many should consider contacting a tax professional to consider various available options since the time to receive such refunds is limited by statute. Once delinquent returns have been filed, taxpayers with a tax liability should consider taking the opportunity to resolve any outstanding liabilities by entering into an Installment Agreement or an Offer in Compromise with the IRS to obtain a "Fresh Start." See [IRS.gov](https://www.irs.gov) for further information.

# Tax Controversy Implications

**Field Collection Activities** - Liens and levies (including any seizures of a personal residence) initiated by field revenue officers will be suspended during this period. However, field revenue officers will continue to pursue high-income non-filers and perform other similar activities where warranted.

**Automated Liens and Levies** - New automatic, systemic liens and levies will be suspended during this period.

**Passport Certifications to the State Department** - IRS will suspend new certifications to the Department of State for taxpayers who are "seriously delinquent" during this period. These taxpayers are encouraged to submit a request for an Installment Agreement or, if applicable, an OIC during this period. Certification prevents taxpayers from receiving or renewing passports.

**Private Debt Collection** - New delinquent accounts will not be forwarded by the IRS to private collection agencies to work during this period.

# Tax Controversy Implications

**Field, Office and Correspondence Audits** - During this period, the IRS will generally not start new field, office and correspondence examinations. We will continue to work refund claims where possible, without in-person contact. However, the IRS may start new examinations where deemed necessary to protect the government's interest in preserving the applicable statute of limitations.

**In-Person Meetings** - In-person meetings regarding current field, office and correspondence examinations will be suspended. Even though IRS examiners will not hold in-person meetings, they will continue their examinations remotely, where possible. To facilitate the progress of open examinations, taxpayers are encouraged to respond to any requests for information they already have received - or may receive - on all examination activity during this period if they are able to do so.

**Unique Situations** - Particularly for some corporate and business taxpayers, the IRS understands that there may be instances where the taxpayers desire to begin an examination while people and records are available and respective staffs have capacity. In those instances when it's in the best interest of both parties and appropriate personnel are available, the IRS may initiate activities to move forward with an examination -- understanding that COVID-19 developments could later reduce activities for an agreed period.

**General Requests for Information** - In addition to compliance activities and examinations, the IRS encourages taxpayers to respond to any other IRS correspondence requesting additional information during this time if possible.

**Independent Office of Appeals** - Appeals employees will continue to work their cases. Although Appeals is not currently holding in-person conferences with taxpayers, conferences may be held over the telephone or by videoconference. Taxpayers are encouraged to promptly respond to any outstanding requests for information for all cases in the Independent Office of Appeals.

# Contact Information

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