BERGER SINGERMAN
FLORIDA'S BUSINESS LAW FIRM

CLIENT ALERT: ECONOMIC RESOURCES FOR BUSINESSES IMPACTED BY COVID-19

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Today, the United States Senate passed the Coronavirus Aid, Relief and Economic Security (CARES) Act, which, among other things, provides much-needed financial assistance to small and mid-sized businesses impacted by COVID-19. While we will be circulating more detailed information on various aspects of the CARES Act in the coming days, the following is a general summary of some of the key provisions:

- **Delayed Payment of Taxes.** Certain businesses may be entitled to delay payment of estimated taxes for corporations and employer payroll taxes.

- **Net Operating Losses.** The Act would restore the ability of businesses to carry back net operating losses to prior years, which ability was almost eliminated by the enactment of the 2017 Tax Cuts and Jobs Act.

- **Forgivable Business Loans**. Businesses which either meet the annual revenue limitations to qualify as a "small business concern" or which have fewer than 500 employees may be eligible for a loan administered by the Small Business Administration. These loans are to be made with no or substantially reduced fees and can be up to four times the average monthly expense for payroll, rent and other debt obligations. The loan proceeds are to be used for payroll, rent, utilities, other debt obligations, and to offset the cost of providing additional sick, family or medical leave as a result of COVID-19. Should the loan recipient retain all employees, the debt will be forgiven although it will constitute taxable cancelled debt.

The CARES Act must still be approved by the United States House of Representatives and signed by the President before it becomes law. This alert will be updated to reflect any textual amendments that may be made by the House of Representatives.

The foregoing features of the CARES Act are in addition to other individual benefits (family medical leave, student loan interest relief, telehealth services, tax filing deadline extension, etc.), as well as to specific relief programs for "severely distressed sectors" such as aviation.

The CARES Act provides business loan relief in addition to the Disaster Relief Loans that may be obtained through the Small Business Administration (SBA). For information on SBA Disaster Relief Loans, please read here. SBA Disaster Relief Loan recipients may not be eligible for loans provided by the CARES Act.

The Federal Reserve is expected to be launching a Main Street Business Lending Program within the next few days which could provide yet another source of potential financial relief to affected businesses. Current information indicates affected businesses with less than $5 billion in annual revenues may qualify.

Berger Singerman continues to monitor the CARES Act, including its implementation through various agencies once the CARES Act becomes law, the SBA Disaster Relief Loan program and the Federal Reserve's Main Street Business Lending Program. We will provide updates and additional details as they are revealed in the coming days. We look forward to assisting you in understanding and obtaining the relief your business and

employees need in these difficult times.

Please contact us should you need any assistance in navigating this new and complex business landscape.

The COVID-19 pandemic is creating rapidly-changing issues for businesses, and government aid processes and measures designed to assist businesses may also change materially from when this Client Alert is issued. We therefore encourage you to monitor our website, review our future Client Alerts and generally remain alert for additional updates or modifications to laws and regulations.

Related Practice Teams

Government and Regulatory

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