

COVID-19 LEGISLATION

Frequently Asked Questions

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In response to the unprecedented health and economic impact of COVID-19, federal lawmakers in Washington, DC have enacted major policies intended to provide critical resource assistance for the health care system and financial support for American workers.

These policies, known as legislative packages, are effective immediately. They include several new laws designed to provide emergency financial relief to all Americans, and additional benefits for business owners, sole proprietors and independent contractors.

In particular, Congress passed the following measures that will impact various sectors of the fitness and wellness industries, including ACE-certified exercise professionals and health coaches:

- Most U.S. residents will receive a direct cash rebate on a sliding scale starting at \$1200 per adult and an additional \$500 rebate for each child.
- Unemployment benefits will now include self-employed individuals and independent contractors.
- The weekly unemployment benefit will increase by \$600 for all recipients for up to four months.
- Unemployed workers will be eligible for an additional 13 weeks of unemployment benefits.
- Small business employees will receive paid leave benefits for COVID-19-related leave.
- Small businesses, sole proprietors and independent contractors will be eligible for loans used for retaining workers and maintaining payroll, making lease and utility payments, and meeting rent or mortgage obligations.
- Employers whose operations were fully or partially suspended due to COVID-19 related circumstances, or whose gross receipts declined by more than 50% when compared to the same quarter in the prior year, will be eligible for a payroll tax credit.
- Employers and self-employed individuals may defer payment of their Social Security tax obligation.

This section addresses frequently asked questions related to the following COVID-19 legislation topic areas: the direct cash rebate, unemployment benefits, paid leave, small business loans, the payroll tax credit, and the social security tax holiday.

DIRECT CASH REBATE

Who is eligible?

Every individual with a social security number is eligible to receive the cash rebate.

How much is the cash rebate?

Individuals are eligible for up to \$1200; couples are eligible to receive up to \$2400. Individuals with children will receive an additional \$500 per child.

Are there any limitations?

Individuals with income at or below \$75,000 are eligible for the full \$1200 rebate. The rebate is reduced by \$5 for each \$100 income over \$75,000. Therefore, the rebate is fully phased out for individuals at \$99,000.

Couples with income at or below \$150,000 are eligible for the full \$2400 rebate. The rebate is fully phased out at \$198,000

Do individuals need to apply for the rebate?

In most cases, there is no need to apply. The IRS will use information from your 2018 or 2019 tax return and send payment by direct deposit or by mail.

When will individuals receive the rebate?

Early indications suggest that the rebates will be distributed in April 2020.

UNEMPLOYMENT BENEFITS

Who is eligible to receive unemployment benefits?

Previously, unemployment benefits were generally available to workers who lost their job through no fault of their own. Now, unemployment benefits will be available to self-employed individuals, independent contractors, and part-time workers.

How much will an individual receive in weekly unemployment benefit?

Weekly unemployment benefits vary from state to state, but typically cap at approximately \$400/week. The new law will provide an additional \$600/week for individuals through the end of July 2020.

How long will an individual receive unemployment benefits?

The duration of unemployment benefits varies from state to state, but typically the maximum duration is 26 weeks. The new law will cover an additional 13 weeks of unemployment benefits. The expanded weekly coverage will expire on December 31, 2020.

Are individuals who lost their job or had their hours reduced due to coronavirus eligible for unemployment benefits?

Yes

How do individuals apply for unemployment benefits?

Unemployment claims should be filed as soon as possible at the state unemployment office. You can find information on contacting your state office [here](#). An overview of unemployment benefits is [here](#).

PAID LEAVE

Who is covered for paid leave relating to COVID-19 under the new law?

The new law covers employees working for American businesses with fewer than 500 employees, including self-employed individuals.

Under what circumstances is an individual eligible to receive paid leave?

The new law provides paid leave for individuals who are unable to work because the individual is:

1. Experiencing COVID-19 symptoms, which may include being quarantined;
2. Caring for an individual who is quarantined; or
3. Caring for a child whose school or childcare provider has shut down due to COVID-19.

What is the amount of the paid leave benefit?

1. Individuals experiencing COVID-19 symptoms, which may include being quarantined, are eligible for 100% of pay for up to 80 hours (maximum of \$511/day and \$5110 total).
2. Individual who are caring for someone who is quarantined are eligible to receive 2/3rds pay for up to 80 hours (maximum of \$200/day and \$2000 total); And
3. Individuals who are caring for a child whose school or childcare provider has shut down due to COVID-19 are eligible to receive 2/3rds pay for up to 80 hours (maximum of \$200/day and \$2000 total). This benefit may be extended for an additional 10 weeks at 2/3rds pay under certain circumstances.

Are there any exemptions for small businesses?

Small businesses with fewer than 50 employees may be exempt from providing paid leave benefits relating to school or childcare closings if doing so would threaten the viability of the business.

How are these benefits paid for?

The benefits are paid by the employer. The employer is then granted a tax credit to reimburse for the full amount of the benefit.

Where can individuals and businesses find more information on the paid leave benefit?

The IRS maintains a COVID-19 related webpage [here](#).

When does this paid leave benefit expire?

The law provides tax credits for paid leave between March 18, 2020 and December 31, 2020.

SMALL BUSINESS LOANS

What assistance does the new COVID-19 legislation provide for small businesses, self-employed individuals and independent contractors struggling to remain viable during the COVID-19 pandemic?

The new law creates the “Paycheck Protection Program,” (PPP) which provides federally guaranteed loans to help small businesses, self-employed individuals and independent contractors to continue operations.

What can the PPP loans be used for?

The loans can be used for payroll expenses, rent, utilities, and other expenses.

Are there limits on the size of the PPP loans?

The maximum amount of a loan is the lesser of the following:

- Two and a half times the average monthly payroll during the previous year
- \$10 million

Can PPP loans be forgiven?

8 weeks of expenses, including payroll costs, may be forgiven if the loan recipient maintains its workforce and salary payments during the 8-week period. However, expenses paid for salaries over \$100,000 are not eligible for forbearance.

Where are the PPP loans available?

The loans are available through Small Business Administration-certified lenders (e.g. banks, credit unions in your community). The Small Business Administration has a [COVID-19 webpage](#) with resources on this topic.

When are the PPP loans available?

The loans are available for application now through June 30, 2020

What is an Economic Injury Disaster Loan (EIDL)?

An EIDL is a loan available through the Small Business Administration to cover business expenses in the event of a disaster, such as the coronavirus. The loans are available for up to \$2 million. Pursuant to recent legislation, all applicants will receive a \$10,000 advance within three days of submitting an application, which does not need to be repaid, provided the advance is used for paid sick leave, maintaining payroll, rent and mortgage payments, debts, and other similar expenses.

Who is eligible for an EIDL?

EIDLs are available to small businesses, sole proprietors, and independent contractors, among others.

EMPLOYEE RETENTION TAX CREDIT

What is the employee retention tax credit (ERTC)?

The ERTC is a tax credit, available to organizations who do not apply for PPP loans, which amounts to 50% of employee wages (max of \$10,000 credit for an employee's salary) paid between March 13, 2020 and December 31, 2020.

What organizations are eligible for the ERTC?

To qualify for the ERTC, an organization must:

- have been partially or fully shut down due to a coronavirus-related government order; or
- experienced a 50% decline in revenue in a particular quarter (year over year) due to the coronavirus

SOCIAL SECURITY TAX HOLIDAY

What is the social security tax holiday?

The social security tax holiday provision allows businesses and self-employed individuals to defer payment of the employer's share of the social security payroll tax (or 50% of the self-employment tax for self-employed individuals) due between March 13, 2020 and December 31, 2020. The deferred balance would be due 50% on December 31, 2021; and the remaining 50% on December 31, 2022.

Who is eligible to take advantage of the social security tax holiday?

The social security tax holiday is available to organizations and self-employed individuals who do not receive a loan through the Payroll Protection Plan.