On March 27, 2020, the President signed the Coronavirus Aid Relief and Economic Security Act, (CARES Act). The Act contains $2 Trillion of aid to both businesses and individuals. Below, we outline, in general terms, the tax provisions that will impact most of our clients and friends.

**BUSINESS TAX PROVISIONS**

1. **Employee retention credit for employers**
   - 50% refundable tax credit of wages up to $10,000, per eligible employee
   - Eligible for wages paid after March 12, 2020
   - Credit is claimed on employer’s quarterly federal payroll tax filing
   - Employers are deemed eligible under two scenarios:
     a. Operations were fully or partially suspended during the COVID-19 crisis, or
     b. Gross receipts of the employer declined more than 50% compared to the same quarter of the prior year
   - Employers broken up into two groups
     a. Small employers (100 or few employees)
        i. All employees and wages are eligible, regardless if employee is furloughed or reduced hours
     b. Large employers (100 or more employees)
        i. Only the wages of those employees who are furloughed or reduced hours are eligible
   - Credit ceases for employer in two situations
     a. The quarter in which the employer’s gross receipts are greater than 80% of gross receipts for the same calendar quarter for the prior year, or
     b. If the employer receives Small Business Interruption Loans, i.e. Paycheck Protection Program is deemed one of those loans

2. **Delay of payment of employer payroll taxes**
   - Law allows employers to defer payment of the employer portion of social security tax (6.2%)
   - Applies to compensation paid between March 27, 2020 through December 31, 2020
   - Repayment Schedule of deferred portion
     a. 50% of the deferred portion is required to be paid by December 31, 2021
     b. Remaining portion will be due December 31, 2022
   - Note: This does not include any Medicare Tax or the employee’s portion of social security tax
3. Temporary change of net operating loss (NOL)
   • Law allows for NOLs generated in 2018, 2019 or 2020:
     a. Carried back 5 years preceding the tax year of loss, or
     b. Carried forward indefinitely

4. Paycheck Protection Program:
   • Funded through Small Business Administration and administered by your financial institution
   • Purpose of the program is to help employers retain employees at their current base pay
   • General provisions:
     a. Provides loan up to $10M
        i. Maximum loan=2.5X Average total monthly payroll costs for prior year
     b. Eligible businesses
        i. Employers with 500 or fewer employees
     c. Eligible expenses – for 8 weeks period
        i. Payroll (up to $100,000 per employee)
        ii. Mortgages & interest payments
        iii. Rent payments
        iv. Utility payments
     d. Eligible for loan forgiveness
        i. Forgiveness is provided for 8 weeks of eligible expenses, as noted above, if,
           1. There is no reduction in the number of employees, or
           2. If reduction in wages paid is less than 25%
        ii. Forgiveness will be determined by documentation provided to your lender
        iii. If there is a reduction in forgiveness of debt, employer will repay the amount under a term loan up to 10 years and maximum interest rate of 4%
     e. Rules for the program are very specific, please consult your lender to determine program eligibility and forgiveness guidelines.
   • We have enclosed a copy of an outline of the specifics, as provide by US Chamber of Commerce, for additional information
**Ohio and Ohio Municipalities Tax Filing Deadline**

Governor DeWine signed House Bill 197 on March 27th which moved the State of Ohio and Ohio Municipalities tax return filing deadline from April 15th to July 15th.

The filing extension applies to Ohio individual income tax, Ohio school district income tax and pass-through entity tax.

Individuals, estates, trusts and certain businesses making quarterly estimates have also been granted additional time to file and pay without penalty and interest. Both the first and second quarterly payments are extended to July 15th.

*Disclaimer:* the information contained in this document outlines the general provisions provided by the Act. We expect additional guidance, from various governmental agencies, to be provided in the coming days and weeks.