



CARES ACT – FREQUENTLY ASKED QUESTIONS

Individual Recovery Rebates

Who is eligible for a recovery rebate? Individuals who have an adjusted gross income of \$75,000 or less will receive \$1,200, while all married couples earning a combined \$150,000 or less will receive \$2,400. For every qualifying child under the age of 17, recipients will get an additional \$500. Payments will decrease until they are phased out completely at \$99,000 for single adults or \$198,000 for married couples. Even individuals with \$0 of income are eligible for a rebate so long as they are not the dependent of another taxpayer and have a work-eligible SSN. The total payment will be based on information from recipients' most recent tax return.

Do dependents older than 17 qualify for purposes of the rebate? No, the additional \$500 per qualifying child is limited to children under 17. This includes college-aged children who are claimed as dependents on their parents' tax returns.

Are college-aged students eligible for recovery rebates? Depends on whether the student, is listed as dependents on their parents' tax returns. Generally, a full-time college student under the age of 24 is considered a dependent if their parent(s) (or guardian(s)) provide more than half of their support. Students are eligible to receive a rebate, if they are not listed as a dependent.

Is the payment taxable? No, the rebate is treated like other refundable tax credits and is not considered income. Moreover, if the credit amount recipients qualify for based on 2020 income is less than what they qualify for based on their 2019 tax return, it does not have to be paid back.

I receive income from Social Security or from a veteran's disability payment. Am I eligible? Yes, as long as you are not the dependent of another taxpayer. The IRS will use additional tools to locate and provide rebates to low-income seniors who normally do not file a tax return by allowing them to base a rebate on Form SSA-1099, Social Security Benefit Statement or Form RRB-1099, which is the equivalent of the Social Security statement for Railroad Employees.

I have not filed my tax return for 2019 or 2018. Can I still receive a recovery check? How can I file a tax return? The best way to ensure you receive a recovery rebate is to file a 2019 tax return, if you have not already done so. This could be accomplished for free online from home using the [IRS Free file](#) program. For most eligible Americans, no action is needed to receive a recovery rebate. Please refer to [IRS.gov/coronavirus](https://www.irs.gov/coronavirus) for additional details and the latest information.

I am not required to file my tax returns (i.e. low-income taxpayers, senior citizens, some veterans, and individuals with disabilities). How do I ensure I receive my payment? The IRS released a [new web tool](#) allowing individuals who didn't file a tax return for 2018 or 2019 and who don't receive Social Security retirement or disability benefits or Railroad Retirement benefits to quickly register for the rebate payment. The IRS will use the information provided (Social Security number, name, address, and dependents) to confirm eligibility,

calculate, and send the rebate payment. Using the tool will not result in any taxes being owed. To access the tool and provide your information, please visit [here](#).

I receive benefits from the Department of Veterans Affairs (VA) and am not required to file a tax return. Will I receive a payment? Yes. Veterans and their beneficiaries who receive Compensation and Pension (C&P) benefit payments from VA will receive a \$1,200 Economic Impact Payment with no further action needed on their part. Veterans with eligible children will need to verify that on the IRS tool in order to receive the additional \$500. Timing on the payments is still being determined. Individuals can provide their information to the IRS through their [online tool](#) or wait as the IRS continues to apply additional programming. If your payment has already been deposited or mailed, the IRS tool will let you know.

How does the IRS know where to send the payment? The IRS will use the details from your 2019 tax return to calculate the payment amount. For those who have not yet filed their return for 2019, the IRS will use information from their 2018 tax filing to calculate the payment. The IRS will deposit the payment directly in the same bank account reflected on the tax return. If the bank account from your tax return is now closed, you will receive a check in the mail.

I was ineligible in 2018 and 2019 to receive a recovery payment, but am currently unemployed. Do I qualify? If your income in your last filed return (either 2018 or 2019) was in the phase-out range you would still receive a partial rebate based on your that tax return. However, the rebate is actually an advance on a tax credit that you may claim on your 2020 tax return. Therefore, if your income below the phase-out amount in 2020, any additional credit you are eligible for will be refunded or reduce your tax liability when you file your 2020 tax return next year. This would also apply to qualified children born after your last filed return. The recovery rebate is a new one-time credit and does not impact the amount of your Earned Income Tax Credit or Child Tax Credit for 2020.

When will the payment arrive? As indicated by the Treasury, payments are expected to start arriving the week of April 13 for those with direct deposit information. For most eligible Americans, no action is needed to receive a recovery rebate. The IRS will mail you a letter within two weeks of payment indicating the amount of the recovery rebate and other pertinent details. Individuals who receive Social Security retirement, VA benefits, SSDI, or Railroad Retirement benefits, but did not file a return for 2019 or 2018 will automatically receive a payment in the near future. Please refer to [IRS.gov/coronavirus](https://www.irs.gov/coronavirus) for the most up to date information.

How can I check on the status of my payment? The IRS is launching a new online tool, which will be available for use starting April 15. The new tool, *Get My Payment*, will provide individuals with the status of their payment, including the date their payment is scheduled to be deposited or mailed to them. This tool will be similar to the “Where’s my Refund?” tool used for tax return refunds.

How can I update my bank account information for direct deposit? The *Get My Payment* tool will allow eligible individuals to provide their bank account information so they can receive their payment more quickly rather than waiting for a paper check. Note that individuals who have an account on file cannot use this tool to update their bank information.

Unemployment Insurance (UI) Benefits

What additional UI assistance was provided by the new law?

- Pandemic Unemployment Assistance – Expands eligibility for individuals who have traditionally been ineligible for UI benefits;
- Pandemic Unemployment Compensation—An additional \$600 per week, on top of regular benefits, to all recipients; and

- Pandemic Emergency Unemployment Compensation – An additional 13 weeks of UI benefits, beyond the regular 26 weeks already provided, for a total of 39 weeks of coverage.

Who is eligible for Pandemic Unemployment Assistance? Individuals are eligible if they do not qualify for regular UI benefits and cannot work due to COVID-19. Examples include individuals who:

- Have been diagnosed with COVID-19 or are seeking diagnosis;
- Are providing care for a family or household member diagnosed with COVID-19;
- Are the primary caregiver for a child whose school or day care has closed due to COVID-19;
- Are unable to work due to an imposed quarantine, or were advised by a medical provider to self-quarantine;
- Were scheduled to start new employment, but cannot reach the workplace as a result of COVID-19; or
- Quit their job as a direct result of COVID-19.

Are the self-employed, “gig” workers, and independent contractors eligible? Yes, they are eligible for Pandemic Unemployment Assistance.

I’ve been furloughed. Am I eligible? Depends on state regulations. Some states have policies in place to allow furloughed workers to receive unemployment benefits and part-time workers can receive partial benefits. The Pandemic Unemployment Assistance program also helps workers stay connected to their employer by allowing unemployment benefits for workers who have a job but are unable to work or telework due to COVID-19-related reasons and are not receiving paid leave through their employer.

Who is explicitly excluded from receiving assistance? Workers who are able to perform their jobs through paid telework, and those receiving paid sick leave or paid family leave are not eligible.

How much will I receive? In Indiana, the maximum weekly benefit amount is \$390. To determine your weekly benefit amount: (1) divide your total base period wages by 52; (2) multiply that number by 0.47; (3) round down that amount to the next whole dollar amount (up to a maximum of \$390). The CARES Act provides an additional \$600 per week on top of that amount – limited to the next four months (expiring July 31, 2020).

When will I receive benefits? You should receive your first payment within three weeks if there are no issues with your initial claim application for benefits, according to the Indiana Department of Workforce Development. To encourage states to expedite the process, the Families First Coronavirus Response Act eliminated the federal penalty for waiving the waiting week during this crisis. Governor Holcomb responded by waiving the one-week waiting period retroactive to March 8, 2020 meaning that benefits will be paid for the first week you are eligible.

How long will I receive benefits under the expanded program? Indiana currently provides access to unemployment benefits for a maximum of 26 weeks. The CARES Act provides federal funding for an additional 13 weeks for those who need it. This expanded program expires December 31, 2020.

Where can I apply or find information regarding Indiana’s Unemployment Insurance Program?

<https://www.in.gov/dwd/3474.htm>

Small Business Administration (SBA) Loans

What is the Paycheck Protection Program? The Paycheck Protection Program (PPP) is an expansion of the 7(a) loan program administered by the SBA to provide 100% federally guaranteed loans to qualifying small businesses. Applicants may apply for a PPP loan starting on April 3, 2020 through June 30, 2020. The SBA’s PPP program website can be found [here](#).

How do I apply for a loan? You can apply at any lending institution that is approved to participate through SBA or by the Department of the Treasury. This may include your local bank or credit union. You can also find assistance and SBA-approved lenders through SBA's online [Lender Match](#) tool.

What businesses are eligible under the new program? Eligible businesses include:

- Small businesses with fewer than 500 employees;
- Small businesses that otherwise meet the [SBA's size standard](#);
- Individuals who operate as a sole proprietor or independent contractor;
- Individuals who are self-employed and regularly carry on any trade or business;
- Tribal businesses, 501(c)(3) nonprofits - including religious organizations, and 501(c)(19) veterans organizations that meet [SBA's size standard](#);

Other special rules for eligibility include:

- Accommodation and Food Services sector (NAICS 72) businesses - the SBA affiliation rules are waived and the 500-employee rule is applied on a per physical location basis.
- Companies operating as a franchise or receive financial assistance from an approved Small Business Investment Company – normal affiliation rules do not apply.

When can I apply? Through existing SBA lenders, small businesses and sole proprietorships can apply starting April 3, 2020. Independent contractors and self-employed individuals can apply starting April 10, 2020. Other lenders will be able to provide loans as soon as they are approved by SBA.

Do I qualify for a loan under the program if I have an Economic Injury Disaster Loan (EIDL)? No, you may not take out an EIDL loan and a PPP loan for the same purpose. However, if you received an EIDL loan between January 31, 2020 and the date at which the PPP loan becomes available, you may refinance the EIDL loan into the PPP loan for loan forgiveness purposes.

What can the loan be used for?

- *For employers:* the sum of payroll costs - including salary, wages, tips, paid sick leave, medical leave, family leave, retirement benefits, healthcare benefits, and payment of state and local taxes on compensation - insurance premiums, mortgage payments, rent, utilities, and other debt obligations.
- *For the self-employed, sole proprietors, or independent contractors:* the sum of payments of any compensation that is not more than \$100,000 in one year, as prorated from February 15 to June 30, 2020.

When is the first payment on the loan due and what is the interest rate? Payments are deferred for 6 months from loan origination. During this period, the interest will continue to accrue. For additional details, please refer to SBA's PPP informational page [here](#).

Are the loans eligible for forgiveness? Yes, a borrower is eligible for loan forgiveness equal to the amount spent on payroll costs, interest on mortgage, rent, and utilities. However, forgiveness is based on the employer maintaining or quickly rehiring employees (within 30 days of loan origination) and maintaining salary levels. If full-time employee headcount declines occur, or salaries and wages decrease, forgiveness will be reduced. For additional details, please refer to SBA's PPP informational page [here](#).

The amount of forgiveness of a PPP loan depends on the borrower's payroll costs over an eight-week period; when does that eight-week period begin? The eight-week period begins on the date the lender makes the first disbursement of the PPP loan to the borrower. The lender must make the first disbursement of the loan no later than ten calendar days from the date of loan approval.

The affiliation rule based on ownership states that SBA will deem a minority shareholder in a business to control the business if the shareholder has the right to prevent a quorum or otherwise block action by the board of directors or shareholders. If a minority shareholder irrevocably gives up those rights, is it still considered to be an affiliate of the business? No. If a minority shareholder in a business irrevocably waives or relinquishes any existing rights specified in 13 C.F.R. 121.301(f)(1), the minority shareholder would no longer be an affiliate of the business (assuming no other relationship that triggers the affiliation rules).

When will I receive funds from my PPP or EIDL? Lenders are responsible for disbursing funds under the PPP. Please contact your lender with any questions on timing for PPP loans. The EIDL program had a very high demand and the SBA is working with banks to disperse those funds in a timely manner.

What do I need to do to qualify for loan forgiveness? The Treasury Department and SBA are working on guidance. In the meantime, please keep records of what you use the proceeds of your PPP for. Documentation will be required in order to qualify for loan forgiveness.

Can I receive the Employee Retention Credit if I participate in the PPP loan program? No. Employers may not receive an employee retention tax credit if the employer also participates in the PPP loan program. Further guidance from the Treasury & the IRS is expected soon.

My business is over 500 people, what relief is available for me?

- On April 9, the Treasury announced the Main Street Lending Program to provide up to \$600 billion in loans for small- to mid-size businesses with up to 10,000 employees.
- As directed in the CARES Act, the Treasury launched the Employee Retention Credit, which is designed to encourage businesses to keep employees on their payroll. The refundable tax credit is 50% of up to \$10,000 in wages paid by an eligible employer whose business has been financially impacted by Covid-19. More information can be found [here](#).
- Under the CARES Act, employers can defer the 6.3% employer portion of Social Security taxes, which began on March 27 and will end on December 31, 2020. More information can be found [here](#).
- The CARES Act allows taxpayers to carry back net operating losses (NOLs) to offset prior year's income for up to five years. This carry back allowance only applies to NOLs incurred in 2018, 2019, or 2020.
- The CARES Act increased the adjusted taxable income limitation for C corporations from 30% to 50% for §163(j), thus allowing a greater amount of business interest expense to be deducted. This applies to the 2019 and 2020 taxable years.
- The CARES Act allows businesses to claim their alternative minimum tax credits in its entirety, retroactively beginning in 2018. (Formerly refundable incrementally from 2018 through 2021.)

Small Businesses Loans for Self-Employed Individuals

I am self-employed (sole-proprietor, independent contractor, or sole member of an LLC). Am I eligible for the Paycheck Protection Program (PPP)? Yes, self-employed individuals who were in operation on February 15, 2020, and filed or will file an IRS Form 1040, Schedule C, Profit or Loss from Business for 2019 are eligible.

How do I apply for a loan? You can apply at any lending institution that is approved to participate through SBA or by the Department of the Treasury. This may include your local bank or credit union. You can also find assistance and SBA-approved lenders through SBA's online [Lender Match](#) tool.

- Self-employed borrowers will use information from their Form 1040 and, Form 941 (for businesses with employees). In addition, borrowers will need to provide proof of mortgage insurance, rent, or utility costs for any funds borrowed for those purposes.

How do self-employed individuals calculate the maximum PPP loan amount?

- For those without any employees, the amount they are eligible to borrow is equal to the lesser of their net profit (Form 1040, Schedule C, line 31) or \$100,000. If line 31 is a negative value or \$0, the individual is not eligible for a PPP loan. The maximum loan amount will be equal to their monthly average (net income divided by 12) multiplied by 2.5.
- For those with employees, the application can include the net income from Schedule C (as indicated above) and all salary, wages, or tips paid to those employees (Form 941) up to \$100,000 per year for any individual. The borrower may also include any health insurance or retirement contributions tax for employees, but not for the owner. In addition, an employer may seek a loan for any state taxes related to employee compensation, including state unemployment tax. The maximum loan amount will be equal to the sum divided by 12 and the resulting monthly average multiplied by 2.5.

What can the loan be used for? In general, the PPP loans must be used for any of the following expenses:

- Owner compensation replacement, which is the net profit declared on the 2019 taxes;
- Payroll, including salary, wages, tips, and health insurance and retirement contributions for any employees; and
- Any mortgage interest, rent payments, or utilities deducted on the 2019 Form 1040 Schedule C, or interest owed on debt obligations taken out before February 15, 2020.

Are the loans eligible for forgiveness? Yes, a self-employed borrower is eligible for loan forgiveness equal to the amount spent for self-employment income replacement (forgiveness limited to 8-weeks) and for applicable employee payroll costs, plus limited expenses for utility, mortgage interests, and interests on other debt incurred before February 15, 2020. Expenditures on “other” debt obligations will not qualify for forgiveness.

I started operations in early 2020, but did not file for 2019. Am I eligible? Yes. The SBA is anticipated to issue additional guidance for self-employed individuals in operation on February 15, 2020, but not in 2019.

Main Street Lending Program

What is the Main Street Program? The Main Street Program utilizes \$75 billion in appropriated funds under the CARES Act to provide financing to lenders that make direct loans to small- and mid-sized businesses. When leveraged by the Federal Reserve, \$600 billion in liquidity will be provided to participating lenders.

When and how do I apply for a loan? Eligible businesses will apply directly with the lender when the program is operational. Details pertaining to the application process should be released in the near future.

Who are eligible for Main Street Program loans? Businesses with up to 10,000 employees or up to \$2.5 billion in 2019 annual revenues, and were in good financial standing before the pandemic. Businesses must U.S.-based or have significant operations in and a majority of its employees based in the U.S.

How much money can I get from the program? Loans would have a minimum of \$1 million and a maximum that is the lesser of (i) \$25 million or (ii) an amount that when added to the borrower’s existing outstanding and committed but undrawn debt, does not exceed four times the borrower’s 2019 earnings before interest, taxes, depreciation, and amortization.

What are the terms of the loan? The interest rate equals that of the Secured Overnight Financing Rate (SOFR) plus a margin of between 2.5% and 4.0% per annum with a four-year maturity. Additionally, principal and interest payments will be deferred for one year. The Federal Reserve’s program term sheet can be found [here](#).

Are there additional requirements? Businesses seeking Main Street loans must commit to make reasonable efforts to maintain payroll and retain workers. Borrowers must also follow compensation, stock repurchase, and dividend restrictions that apply to direct loan programs under the CARES Act.

Are Main Street Program loans forgivable? No. Unlike the SBA's Paycheck Protection Program, loans provided under the Main Street Program are not eligible for forgiveness.

Can I participate in the SBA's Paycheck Protection Program and the Main Street Program? Yes, small businesses participating in the SBA's Paycheck Protection Program can take advantage of the Main Street Program as these programs are not mutually exclusive.

Visit young.senate.gov/coronavirus for more information on Coronavirus relief