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Churches and the CARES Act: Helping Congregations and Employees Weather the Cash Crunch

A webinar presented by:

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Background

- The Coronavirus Preparedness and Response Supplemental Appropriations Act (March 6, 2020)
- The Families First Coronavirus Response Act (March 18, 2020)
- The Coronavirus Aid, Relief, and Economic Security Act (March 27, 2020)
- A fourth package?

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Rebate

- Rebate of \$1,200 (\$2,400 married)
- An additional \$500 per child

Example:

- A family of 4 is eligible for a \$3,400 rebate



Charitable Contributions

- Individuals may deduct up to \$300 of cash contributions (whether they itemize or not)
- Individuals may deduct up to 100% of AGI (corporations may deduct up to 25% of taxable income)



Paycheck Protection Program

Small employers with fewer than 500 employees are eligible

This includes nonprofits and churches

SBA loans (up to a maximum of \$10 million) that can be forgiven if certain criteria are met



Paycheck Protection Program

How is the loan calculated?

2.5 times the average monthly payroll, or \$10 million, whichever is less



Paycheck Protection Program

Applicants will calculate the sum of average monthly payroll costs for the preceding one-year period consisting of:

- Salaries and other wages
- Employer-paid health care benefits
- Employer-paid retirement benefits
- Employer-paid state and local payroll taxes



Paycheck Protection Program

Good-Faith Certification:

Uncertainty of current economic conditions

and

Funds will be used for specific purposes



Paycheck Protection Program

Example: First Church USA

Average Monthly Payroll = \$50,000

Loan Amount = \$125,000



Paycheck Protection Program

How Can First Church USA Use the \$125,000?

- payroll costs
- group health care expenses
- interest on any mortgage obligations
- rent, including leasing arrangements
- interest on debt incurred before the covered period
- utilities (electricity, gas, water, telephone, internet)



Paycheck Protection Program

At the end of the eight weeks, First Church USA applies for loan forgiveness with its lender

If First Church USA used the funds as outlined above, and meets other criteria, the loan is forgiven—it becomes a grant

The grant constitutes nontaxable income



Paycheck Protection Program

Any portion of the loan not forgiven is carried forward as an ongoing loan with a term of 2 years at 0.5 percent interest.

(This information corrects statements in the webinar, which became inaccurate due to subsequent guidance from the SBA.)



Other Provisions

- Extended deadlines
- Payroll taxes
- Education provisions



Employee Retention Credit

- A credit designed to prevent layoffs
- Tax-exempt employers are eligible
- Participants of PPP are not eligible



Unemployment Insurance Provisions

- Benefits added or expanded for individuals
- Assistance to nonprofits who contribute costs toward unemployment benefits



Q&A



RESOURCES



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Check out brotherhoodmutual.com to find practical resources for your ministry.



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