

CORONAVIRUS AID, RELIEF AND ECONOMIC SECURITY ACT (CARES ACT)

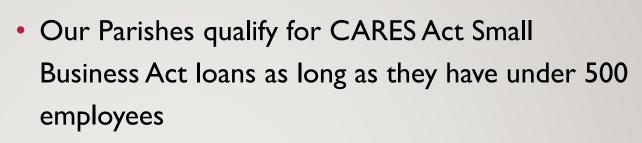
UPDATED FOR IMPLEMENTING REGULATIONS ISSUED ON 3/31/20

ASSISTANCE TO
PARISHES OF THE
GREEK
ORTHODOX
ARCHDIOCESE
OF AMERICA

CARES ACT IMPACT ON PARISHES



- Parishes qualify for forgivable small business loans (Paycheck Protection Program)
- Payroll tax deferrals
- Employee retention credit against employment taxes
- Unemployment insurance
- Charitable contributions tax incentives



- Loans intended to cover expenses like payroll, interest on mortgages, rent, utilities and benefits
- Loan amounts are equal to 250% of average total monthly payroll during the 1-year period before the loan is made
 - For example, if the Parish's monthly average monthly payroll is \$30,000, it can receive a \$75,000 loan





- Loans are nonrecourse and no personal property guaranty or collateral is required
 - Loans are 2 years in duration and carry a fixed interest rate of .5%; first loan payment deferred for 6 months
 - Loan is forgivable as an incentive to retain employees
- Metropolis approval is not required because there are no guarantees or collateral on the loan

- Loans are forgivable equal to the amount that the Parish spends in the 8 weeks following the receipt of the loan on:
 - Certain payroll expenses (salaries are capped at
 - Parish paid health insurance expenses

\$100,000)

- Parish payments to the pension plan (\$700/mo. payments)
- Interest payments on mortgages incurred before 2/15/20
- Rent on leases executed before 2/15/20
- Utilities for services initiated before 2/15/20
- Special provisions for employee reductions and salary/wage reductions during the covered periods



Impact



- If the Parish retains its employees for 8 weeks after the loan and spends more than the loan on payroll, benefits, interest on a mortgage, rent or utilities, the ENTIRE LOAN IS FORGIVEN.
 - No more than 25% of forgiven amount may be for nonpayroll costs
- The Parish makes a good faith certification that the economic conditions makes it necessary to request the loan to maintain operations
- The loan program is open until June 30, 2020
- This is a government subsidy to retain employees.



Action Steps

- Contact your bank as they are authorized to accept applications starting on April 3, 2020
- Apply as soon as possible since there is expected to be more demand for these loans than is allocated in the CARES Act for the loans



Action Steps (Continued)

- More information on the CARES Act and the implementing regulations issued on March 31 can be found at
 - https://home.treasury.gov/system/files/136/PPP%2 0Borrower%20Information%20Fact%20Sheet.pdf
- The application can be found at https://home.treasury.gov/system/files/136/Payche ck-Protection-Program-Application-3-30-2020-v3.pdf
- Salary and payroll tax information will need to be provided with the application

CARES ACT PAYROLL RELATED BENEFITS



Payroll Tax Deferral

- Payroll taxes from the date of the CARES Act (3/27/20) to 12/31/20 are deferred.
 - All payroll taxes incurred by Parishes and 50% of payroll taxes incurred for self-employed such as Clergy qualify for the deferral
 - Half of the deferred taxes are due on December
 31,2021 and half are due on December 31,2022

CARES ACT PAYROLL RELATED BENEFITS

- Employee Retention Credit (In addition to the Loan Program)
 - Parishes are entitled to a credit of 50% of wages paid to employees who are not working due to a full or partial cessation of operations or a significant decline in revenues (greater than 50% reduction on a year over year basis). This credit will be applied against employment taxes (Social Security taxes)
 - The credit is limited to \$10,000 in wages (maximum of \$5,000 credit) per employee and applies to wages paid after March 12, 2020 and before January 1, 2021
- Unemployment Insurance
 - Parishes that pay unemployment insurance may be eligible to receive half of the costs they incur through December 31, 2020 (varies by state)



CARES ACT PAYROLL RELATED BENEFITS



Action Steps

- Parishes should contact their payroll service provider to ensure that they are implementing these benefits on behalf of the Parish
- Document that you meet the cessation of operations provisions due to state mandated orders to be able to claim the employee retention credit

CARES ACT CHARITABLE CONTRIBUTIONS TAX INCENTIVES



- There are added incentives to make charitable contributions in 2020.
- Up to \$300 in charitable contributions are tax deductible even if the individual does not itemize deductions on their tax return
- Individuals that claim itemized deductions can now claim unlimited deductions for a charitable contribution