



NATIONAL COUNCIL OF THE UNITED STATES SOCIETY OF ST. VINCENT DE PAUL, INC.

Society Nonprofit Business Operations and Coronavirus Response

Over the past month, Congress has passed a number of bills in response to the novel Coronavirus outbreak: the Families First Coronavirus Relief Act (FFCRA) and the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Taken together, these bills will provide close to \$3 trillion in economic relief to individuals, families, businesses, and communities.

Some of the provisions in these bills provide targeted assistance to nonprofits serving those in need, while others make changes to policies that could increase operating costs. This brief summary will help Vincentians understand what assistance is available to them as nonprofit organizations and provide additional resources.

Details of some of these policies are subject to change, and many Councils or Conferences have unique situations, so this summary should not be construed as legal or financial advice. It is highly encouraged to follow links when available for further information, and consult auditors, tax professionals, or legal counsel with technical questions about your specific circumstance.

Stay tuned to www.svdpusa.org/covid-19 for more information and updates.

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Small Business and Other Loans to Nonprofit Organizations

Some Vincentian Councils and Conferences will be eligible for emergency lending through the Small Business Administration (SBA). ***** More information on these programs is forthcoming through regulation or guidance from the Small Business Administration and/or Treasury Department. Updates will be provided as they become available.*****

Paycheck Protection Program (PPP)

Charitable nonprofit organizations are eligible for forgivable bridge loans from the Small Business Administration. Loans can be equal to 2½ times payroll (up to \$10 million), but to be forgivable they must be used for payroll (including paid leave), interest on debt, or mortgage/rent/utilities. Only principal would be eligible for forgiveness, but interest would be capped at 4 percent. Forgiven debt would not be treated as income for tax purposes. Loans are only available until June 30, 2020 (unless Congress extends the authorization in future legislation).

Organizations can apply for a PPP loan through any federally insured depository (FDIC) institution, federally insured credit union, or participating Farm Credit System institution. ****Lenders may begin processing loan applications on Friday, April 3, 2020.****

The bill only established a fund of \$349 billion, so competition for loans will be intense.



[More information on the PPP loans is available here.](#) Be sure to check for other SBA opportunities in your community for which you may be eligible.

Disaster Loans

The Economic Injury Disaster Loans (EIDL) program received an additional \$10 billion in funding. Eligibility has been relaxed, and eligible nonprofits can receive an immediate advance of \$10,000. No personal guarantee is required for loans less than \$200,000. [More information and application here.](#)

Mid-Size Loan Program

Charitable nonprofit organizations of between 500-10,000 employees are eligible (most Councils and Conferences will not qualify) for non-forgivable loans.

Additional Resources

[Senate Small Business Committee Guide to the CARES Act](#)
[National Council of Nonprofits Guide to Loans](#)

Paid Sick Leave and Family and Medical Leave Act Expansion

FFCRA created new, temporary provisions in labor law to provide paid sick leave and family leave for employees affected by the novel coronavirus. The policies described below are only applicable April 1-December 31, 2020, unless Congress modifies this in future legislation.

Generally, speaking, employers of fewer than 500 employees will be required to pay sick leave and extended Family and Medical Leave. **Important:** The Secretary of Labor may issue waivers to small businesses and nonprofits of fewer than 50 employees from the paid sick and family leave requirements, if that small business or nonprofit can establish that complying with the requirements would jeopardize the viability of the organization. As of the writing of this memo, it is unclear if nonprofit organizations could qualify under such an exemption.

Paid Sick Leave

Employers are required to give two weeks (10 business days/80 hours) of paid sick leave to any full-time employee who cannot work or telework due to testing, treatment, or quarantine time related to coronavirus. Part-time employees are entitled to a prorated amount based on a typical two-week work period. Total pay is capped at \$511/day or \$5110 aggregate.

Employers must also provide 2/3 regular rate of pay, up to \$200/day or \$2000 aggregate to employees who have to care for an affected loved one, care for a child whose school has closed, or whose child care has been interrupted by the virus.



Family and Medical Leave Act Expansion

After a two week paid sick leave period, employees have the right to take up to 10 additional weeks of job-protected leave. This leave can be used by an employee to quarantine, to care for a family member who is in quarantine, or to care for a child whose school has been closed or whose childcare has been interrupted.

After the two weeks of paid leave outlined in the previous section, employees will receive no less than 2/3 regular rate of pay for the duration of the job-protected leave, with a maximum of \$200/day and \$10,000 aggregate.

Employees may first use paid sick leave provided by this bill before using other available paid leave, and an employer may not require an employee to use other employer-provided paid leave before using this leave.

If a worksite is closed in its entirety, leave requirements are eliminated.

Additional Information

- The law requires employers to post notice of these new policies and inform employees. You can [download a PDF to post and share from the US Department of Labor](#).
- [Additional Department of Labor guidance on paid leave provisions](#) including [an FAQ](#).
- [Internal Revenue Service \(IRS\) guidelines on tax credits](#).

Employer Tax Credits

FFCRA provided a refundable tax credit for 100 percent of wages paid pursuant to the paid sick and Family and Medical Leave Act policies. Employers can also add the 1.45 percent of Medicare tax that is imposed, as well as employer health care costs. The credit is allowed against the employer portion of Social Security taxes (meaning, importantly, nonprofits can take advantage of it).

The IRS issued further guidance to give organizations immediate relief, so that they would not have to incur these costs and wait for reimbursement. More information is available from the IRS guidance is forthcoming.

For the purposes of credits applied to paid sick leave, there is a distinction between:

- Wages paid to employees directly affected, meaning they have to get tested or quarantined. For these employees, the amount is capped at \$511/employee/day.
- Wages paid to employees caring for a family member, or for a child whose school has been closed or child care has been interrupted. For these employees, the amount is capped at \$200/employee/day.

For the purposes of credits applied to paid family leave, the amount of wages taken into account is \$200/employee/day and \$10,000 for a calendar quarter.



Work Sharing

States received technical assistance (but no funding) to establish work-sharing programs. Work sharing allows employers to reduce employee hours in lieu of layoffs. Currently, 28 states have active work-sharing programs. Find information about a specific state's work-sharing program and employer participation requirements [from the National Conference of State Legislatures](#).

Other Tax and Charitable Giving Provisions

The income tax filing deadline has been changed to July 15, 2020. As of the writing of this memo, Forms 990 with filing deadlines of May 15 have NOT been changed. Forms 990 are still due on May 15.

Employee Retention Payroll Tax Credit

Created a new refundable payroll tax credit of up to \$5,000 for each employee on the payroll when certain conditions are met. A nonprofit organization's whole operations must have experienced a drop in revenue of at least 50 percent in the first quarter of 2020 relative to the first quarter of 2019.

Similar to the Paid Sick and Family Leave credits described above, the retention credit is taken against payroll and refundable.

The Employee Retention Credit can NOT be combined with a Payroll Protection Program loan.

Charitable Contributions and Deductions

A new, above-the-line deduction (applies to all taxpayers) for individual charitable contributions of up to \$300.

The existing cap on annual contributions for tax itemizers was lifted from 60 percent to 100 percent of adjusted gross income for 2020 only.

Corporate contributions cap to charitable organization is increased to 25% of taxable income for cash donations and food donations for 2020.

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