

Highlights from Congressional Response to COVID-19

(not included are sections that do not relate to congregations and schools)

Phase 1 – March 6, 2020

\$8.3 billion emergency funding for Federal agencies to respond to the coronavirus outbreak.

Phase 2 – March 18, 2020

Legislation that expands the Family Medical Leave Act (FMLA) and federal paid sick leave law.

Phase 3 – March 27, 2020

COVID-19 \$2 trillion relief legislation that includes:

Elementary and Secondary School Emergency Relief Fund creates \$13.5 billion in grants to states for K-12 schools. Private schools are eligible for this program.

Governor's Emergency Education Relief Fund provides \$3 billion for governors to provide emergency support to schools most impacted by coronavirus. Private schools are eligible under section 18005-Assistance to Non-Public schools.

Paycheck Protection Program is a \$350 billion provision for federally guaranteed loans to small employers, which includes nonprofits. The portion of the loan used for maintaining payroll will be forgiven. *(Please see ECFA document from webinar held March 31, 2020.)* [ECFA Outline Document](#) Loan application is available on the Small Business Loan website [SBA.gov](#) and at your bank which will begin accepting applications Friday, April 3, 2020. Some banks will require that you currently have an account with their institution.

Details and **notes** from the ECFA outline and webinar:

Churches with IRS 501(C)3 determination letter: **LCMS member congregations and districts included under the LCMS group ruling are determined to be 501(c)(3) organizations and can apply on that basis. If the lender is unable to verify their status on the business master file that IRS uploads to the internet monthly, an affirmation letter in that regard provided by Karen Sansone (LCMS Director of Tax and Compliance) on Synod's stationery should suffice.**

Maximum loan amount is based on 2.5 times the average monthly payroll costs. **Regulations are not clear if this is Calendar 2019 or if another 12-month period will be used for this calculation.**

Payroll costs **include Clergy compensation and cash housing allowances, health insurance premiums, and 403(b) match amounts.**

Payroll costs do not include compensation for an employee over \$100,000. **Each employee is capped at \$100,000 and the amount over is excluded. (The employee's compensation is not completely excluded.)**

Use of loan funds as described: **It is very important that these funds are kept and accounted for separately for the reporting that will be required for forgiveness of the loan.**

Loan forgiveness: **Important to note that the maximum amount of the loan can be 2.5 times average monthly payroll, while 8 weeks or 2 months is eligible for forgiveness.**

Pandemic Unemployment Assistance creates a temporary unemployment assistance program through December 31, 2020 to provide payment to those not normally eligible for unemployment benefits, such as nonprofits, and reduces the amount reimbursing employers will pay for claimed unemployment payments made. This program will provide an additional \$600 per week payment for each recipient of unemployment insurance or Pandemic Unemployment Assistance for up to four months. *(Please see ECFA document from webinar held March 31, 2020.)*

Allowance of Partial Above the Line Deduction for Charitable Contributions will give up to \$300 deduction for cash contributions to charitable organizations without itemizing deductions on their income tax return. There have been modifications on charitable contribution limitations during 2020. *(Please see ECFA document from webinar held March 31, 2020.)*

Rebates and Other Individual Provisions

Rebate: This provides a rebate to individuals and families within certain adjusted gross income limitations up to \$1200 per taxpayer and an additional \$500 per child. For most Americans this will be automatically deposited into bank accounts.

Retirement Funds: The 10% penalty for early withdrawals from qualified retirement plans will be waived for distributions up to \$100,000 for coronavirus related purposes. The tax related to these distributions will be spread out over 3 years. This section also allows flexibility on loans from retirement accounts. Required Minimum Distributions (RMD) have been waived for certain defined contribution plans and IRA accounts.

Business Provisions

Employee retention credit for employers subject to closure due to COVID-19: This provision provides a refundable payroll tax credit for 50 percent of wages paid during the COVID-19 crisis. The credit is provided for the first \$10,000 of compensation, including health benefits paid to eligible employees from March 13, 2020 through December 31, 2020. *(Please see ECFA document from webinar held March 31, 2020.)*

Delay of payment of employer payroll taxes: This allows for employers to defer payment over 2 years of the employer share of the Social Security tax they otherwise would pay. *(Please see ECFA document from webinar held March 31, 2020.)*

Other resources are available at the following links:

[LCEF COVID 19 Information](#)

[SBA Loan Information](#)

[Concordia Plan Services COVID 19 Information](#)

[SBA Website](#)

[ECFA-COVID-19-RESOURCES](#)

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