



The CARES Act:

CHURCHES AND RELIGIOUS ORGANIZATIONS

On March 27, 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, a \$2 trillion bill providing emergency assistance to state and local governments, individuals, families, businesses, and nonprofits in response to the COVID-19 pandemic. The following provisions may be of interest to churches and religious organizations:

PAYCHECK PROTECTION PROGRAM: The Act provides emergency loans up to \$10 million for eligible nonprofits and small businesses. These loans are meant to help keep workers employed and therefore must be used to cover certain costs related to payroll, operations, and debt service. The loans can be forgiven, in whole or in part, if certain requirements are satisfied. More information about the Paycheck Protection Program can be found [here](#).

ECONOMIC INJURY DISASTER LOANS: In addition to expanding EIDL eligibility, the Act allows eligible nonprofits and other applicants to request an advance of up to \$10,000 within three days after applying. The advance is not subject to repayment, even if the loan request is ultimately denied.

EXPANDED UNEMPLOYMENT BENEFITS: The Act provides individuals with an additional \$600 per week on top of what the state unemployment program pays. It also allows states to agree to provide emergency unemployment compensation to individuals who otherwise would not be eligible, including unemployed workers from churches, religious organizations, and other nonprofits. The Act also assists nonprofits that have elected the reimbursement method under their state's unemployment compensation law.

DEFERRAL OF SOCIAL SECURITY TAXES: The Act allows employers to defer their share of Social Security taxes; the deferred taxes are payable in equal halves at the end of 2021 and 2022.

EMPLOYEE RETENTION PAYROLL TAX CREDIT: The Act provides employers with a refundable credit against the employer's share of payroll taxes if (i) the employer was carrying on a trade or business during the calendar year 2020, and (ii) the employer's operations were fully or partially suspended due to a governmental order.

CHARITABLE CONTRIBUTION DEDUCTION: The Act creates a new above-the-line deduction; all taxpayers, whether they itemize or not, may deduct up to \$300 of charitable contributions from their adjusted gross income. It also raises the existing cap on annual contributions for itemized filers, from 60 percent of adjusted gross income to 100 percent.

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