**Summary of**

**Financial Relief Provisions**

**Under the CARES Act**

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**Financial Relief Provisions**

| **Program**  **Name** | **Administering Federal Agency** | **Authorizing Legislation** | **Summary of Relief Provided** |
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| Paycheck Protection Program | Small Business Administration | Section 1102 of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) | The Paycheck Protection Program offers qualifying small businesses non-recourse loans to help them pay operational costs such as payroll, rent, and utilities. Qualifying business include those entities (including sole-proprietorships, independent contractors, and other self-employed individuals) with fewer than 500 employees (or not greater than the number of employee established by the SBA for the industry in which the entity operates). To qualify, the entity must also: (1) have been in operation on February 15, 2020 and (2) have employees or independent contractors for which the entity paid salaries, compensation, and payroll taxes. Loans under the program are non-recourse, and businesses will not be required to post collateral. Business owners will not be required to personally guarantee these loans.  Loans under this program will based on the entity’s average monthly payroll over the 1-year period immediately preceding the date of the loan. Entities will be eligible for a maximum loan equal to 2.5 times their average monthly payroll (including most benefits), up to a maximum of $10 million. The following payroll costs are excluded from the calculation of the average monthly payroll: (1) individual employee compensation over $100,000 per employee, (2) payroll and income taxes, (3) compensation for employees that reside outside the United States, and (4) qualified sick leave or family leave (for which the entity will receive a credit under the Families First Coronavirus Response Act). Proceeds of the loans may be used to finance payroll costs, employee benefit costs, rent and utility payments, interest payments on debt instruments incurred prior to February 15, 2020, and certain other expenses.  Businesses receiving a loan under the Paycheck Protection Program are eligible for partial loan forgiveness. The amount of the loan forgiveness is based on the entity’s payroll and other qualifying expenses during the 8 weeks following the loan’s origination. The amount of loan forgiveness is subject to reduction based on a business’ decline in headcount or wages; provided that a reduction in headcount or wages between February 15, 2020 and April 26, 2020 will not trigger a reduction if the business returns to pre-decline payroll levels by June 30, 2020. Loan forgiveness will not be included in the entity’s taxable income.  Loan amounts that are not forgiven will be repaid over a period of up to 10 years from the date the entity applies for loan forgiveness, at a maximum interest rate of 4%. |
| Employer Payroll Tax Deferral | Internal Revenue Service | Section 2302 of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) | This program allows employers to defer payment of the employer’s portion of FICA taxes for a period of up to 2 years.  The payroll tax deferral period starts on March 31, 2020 and runs through January 1, 2021. During this period, employers will not be required to pay otherwise applicable payroll taxes. Any payroll taxes that would otherwise be due during the deferral period would need to be repaid over a 2-year period ending on December 31, 2022. 50% of the payroll taxes deferred must be repaid by December 31, 2021, with the remaining amounts repaid by December 31, 2022.  **Note: the payroll tax deferral program is not available to any entity that qualifies for the forgiveness of all or any portion of an SBA loan made under the Paycheck Protection Program.** |
| Employee Retention Credit |  | Section 2302 of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) | The employee retention credit offers employers a credit against otherwise applicable employment taxes due for each calendar quarter equal to 50% of the “qualified wages” with respect to each employee during such calendar quarter. For these purposes, the “qualified wages” of each employee is limited to $10,000 for each calendar quarter. The credit is limited to the total employment taxes due during the quarter, but excess credits are treated as refundable overpayments.  To qualify, an entity must be: (1) in business during calendar year 2020 and (2) must have its operations fully or partially suspended due to governmental mandate, or otherwise has a significant revenue decrease. The entity must also continue to pay its employees during the affected period.  For employers with more than 100 employees in 2019, the qualified wages are limited to those wages actually paid by the employer during the period of time the business was shut down. For employers with fewer than 100 employees in 2019, the qualified wages include not only the wages actually paid by the employer during the period of time the business was shut down, but also for each quarter in which there was a significant decline in the business’ year-over-year receipts (50% decline and continuing until receipt recover to at least 80% of receipts for the same calendar quarter in 2019).  **Note: the employee retention credit is not available to any entity that qualifies for the forgiveness of all or any portion of an SBA loan made under the Paycheck Protection Program.** |

**Comparison of Benefits under Various Relief Provisions**

Ambulance providers and suppliers that employ fewer than 500 hundred employees are likely eligible for each of the financial relief provisions discussed above. However, the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) limits the ability of ambulance providers and suppliers to take advantage of all three programs simultaneously. **Specifically, the legislation will force you to choose between: (1) electing to apply for a loan through the Small Business Administration’s Paycheck Protection Program or (2) electing to take advantage of the payroll tax deferrals and/or tax credits offered under the Internal Revenue Code. This workbook is designed to assist ambulance providers and suppliers in determining which approach may be more advantageous.**

For the purposes of this workbook, we will make certain assumptions. You may need to tailor these assumptions to more closely resemble your organization.

Key Assumptions:

1. Average monthly headcount of 300 employees as of February 15, 2020. **Note:** employers with an average monthly headcount of more than 500 employees are not eligible for the Paycheck Protection Program.
2. Average aggregate qualifying gross wages of $800,000 per month. **Note:** for the purposes of this calculation, you would include only the first $100,000 in compensation for any individual making more than $100,000 on an annual basis.
3. Average aggregate benefit costs of $200,000 per month.
4. Monthly rent of $50,000.
5. Monthly utility costs of $20,000.
6. No reduction in headcount

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| **Calculated Benefit under Paycheck Protection Program** | **Calculated Benefit under Employment Tax Deferral Program\*\*** |
| **Step 1: Calculating Loan Proceeds** | **Step 1: Calculating Deferred Amount (Monthly Employer FICA)** |
| $1 million qualifying payroll x 2.5 = $2.5 million | $800,000 x 6.2% = $49,600 |
| **Step 2: Calculating Maximum Loan Forgiveness (using 4 week “month”)** | **Step 2: Calculating Total Deferred Amount** |
| 8 weeks of total payroll expenses = $2 million | $49,600 x 10 months = $496,000 |
| 8 weeks of rent = $100,000 | **Step 3: Time Value of Deferral (4% Discount Rate)** |
| 8 weeks of utilities = $40,000 | **Year 1:** Repayment of $248,000 on December 31, 2021 |
| **Total loan forgiveness = $2,140,000** | Cost on December 31, 2021: $248,000 |
| **Step 3: Calculating Remaining Loan Balance** | Current Value of $248,000: $238,462 |
| $2.5 million - $2,140,000 = $366,250\* | Net Present Value of Deferral: $9,538 |
| **Step 4: Calculating Monthly Loan Payments (Straight-Line Amortization)** | **Year 2:** Repayment of $248,000 on December 31, 2022 |
| Term: 2 years | Cost on December 31, 2022: $248,000 |
| Interest Rate: 0.5% | Current Value of $248,000: $229,290 |
| Monthly Loan Payment: $15,340 | Net Present Value of Deferral: $18,710 |
| Total Payments: $368,161 | **Total Net Present Value of Deferral: $28,248** |
| Total Interest Payments: $8,161 |  |
| **Step 5: Calculating Total Cost of Loan** |  |
| Total Interest Payments: $8,161 |  |
| Total Loan Proceeds: $2,500,000 |  |
| Interest Paid as % of Total Proceeds: 0.326% |  |
| Effective Interest Rate (Interest as % of total loan over time): 0.163% |  |

**\* This assumes a 6 month period from loan funding to the date of loan forgiveness. Interest accrues on the original loan principle during that period. This interest would total $6,250. This amount is being added to the original remaining loan balance of $360,000 to reach the final Remaining Loan Balance of $366,250.**

**\*\* Ambulance providers and suppliers with under 100 employees may also be eligible for the Employee Retention Credit to the extent they experienced any calendar quarter in which their gross receipts were down by more than 50% compared to the same calendar quarter in 2019.**