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## **Senate approves coronavirus stimulus: Next step – White House**

The Senate voted 90-8 on March 18 to approve the Families First Coronavirus Response Act (H.R. 6201), the multibillion dollar tax-and-spending package sent over from the House just one day earlier that begins to address the economic implications of the global coronavirus outbreak.

**URL:** <https://www.congress.gov/bill/116th-congress/house-bill/6201/text>

The unpaid-for legislation cleared the Senate without changes – three proposed amendments to the House-passed bill were defeated – and it now heads to the White House for President Trump’s expected signature. (The president announced his support for the bill on Twitter on March 13.)

The House approved H.R. 6201 early on March 14 and passed a series of technical, conforming, and substantive changes on March 16.

### **Paid sick leave, family leave credits**

The legislation includes two refundable tax credits that generally would help certain employers absorb the cost of included mandates to provide paid sick leave and paid family and medical leave to certain employees affected by the coronavirus.

Both credits would apply only to qualified sick and family leave wages paid with respect to the period beginning on a date selected by the Secretary of the Treasury (or the Secretary's delegate) which is during the 15-day period beginning on the date of the enactment of this bill, and ending on December 31, 2020.

The Joint Committee on Taxation (JCT) staff estimates that the refundable credits would reduce federal receipts by nearly \$104.9 billion between 2020 and 2030. (The estimate does not include the cost of the spending components of the legislation.)

**URL:** <https://www.jct.gov/publications.html?func=startdown&id=5250>

The JCT has also released a technical explanation of the credit provisions.

**URL:** <https://www.jct.gov/publications.html?func=startdown&id=5251>

For additional details, see *Tax News & Views*, Vol. 21, No. 10, March 16, 2020, and *Tax News & Views*, Vol. 20, Mar. 17, 2020.

**URL:** [https://newsletters.usdbriefs.com/2020/Tax/TNV/200316\\_1.html](https://newsletters.usdbriefs.com/2020/Tax/TNV/200316_1.html)

**URL:** [https://newsletters.usdbriefs.com/2020/Tax/TNV/200317\\_1.html](https://newsletters.usdbriefs.com/2020/Tax/TNV/200317_1.html)

### **Mandates, credits not applicable to all employers**

The provisions under H.R. 6201 (including both the mandatory paid sick and family leave and the accompanying refundable tax credits) do not apply to all employers:

- The paid family leave provided under Division C applies to employers with fewer than 500 employees, with possible exemptions for certain health care providers and first responders and businesses with fewer than 50 employees.
- The paid sick leave provided under Division E applies to (1) a private entity or individual which employs fewer than 500 employees and (2) a public agency (e.g., government) and any other entity that is not a private entity or individual with more than one employee.

Two different summaries of the legislation – one prepared by House Ways and Means Committee Democratic staff and one prepared by Ways and Means Republican staff – indicate that employers with more than 500 employees cannot claim the credits.

According to the Democratic staff summary, “[b]oth the paid sick leave and the paid family leave mandates apply to employers with fewer than 500 employees. Therefore, the credit is only available to employers with fewer than 500 employees.”

**URL:** [https://newsletters.usdbriefs.com/2020/Tax/TNV/200318\\_1\\_suppA.pdf](https://newsletters.usdbriefs.com/2020/Tax/TNV/200318_1_suppA.pdf)

The Republican staff summary states that the legislation “makes no mandate or credit for businesses larger than 500, because the vast majority of businesses this size already offer paid sick leave.”

**URL:** [https://newsletters.usdbriefs.com/2020/Tax/TNV/200318\\_1\\_suppB.pdf](https://newsletters.usdbriefs.com/2020/Tax/TNV/200318_1_suppB.pdf)

The Ways and Means Democratic staff summary also sheds some light on who is and is not intended to be a covered employer under H.R. 6201.

Recognizing the complexities around the definition of covered employers, the applicability of the legislation's mandates, and eligibility for the refundable credits, the JCT's technical explanation of the tax provisions in H.R. 6201 that was released March 17 is silent on these issues.

These complexities likely will be addressed once the Treasury Department issues any necessary regulations as provided for in the legislation. (See this alert from Deloitte Tax LLP for additional discussion.)

**URL:** [https://newsletters.usdbriefs.com/2020/Tax/TNV/200317\\_1\\_suppB.pdf](https://newsletters.usdbriefs.com/2020/Tax/TNV/200317_1_suppB.pdf)

### **Nontax provisions**

In addition to mandating two weeks (10 days) of paid sick leave for most employees and three months of paid emergency family and medical leave (covering at least two-thirds of an employee's wages) throughout the coronavirus crisis, the legislation also would fund an increase in state unemployment insurance programs, provide more than

\$1 billion in nutrition aid, allow closed schools to continue providing free and reduced-cost meals to eligible students, add flexibility for the food stamp program, increase the portion of Medicaid spending paid by the federal government (as opposed to the states), and guarantee free coronavirus testing to anyone whose doctor has said needs a test.

### **White House outlines proposal for next stimulus package**

Discussions are ongoing between Senate Republicans and the Trump administration on the next phase of economic stimulus options to respond to the coronavirus, and Senate Majority Leader Mitch McConnell, R-Ky., said on the Senate floor March 17 that “it is my intention that the Senate will not adjourn until we have passed significant and bold new steps above and beyond what the House has passed.”

**White House plan:** According to an outline released by the Treasury Department on March 18, the administration is calling for:

**URL:** [https://newsletters.usdbriefs.com/2020/Tax/TNV/200318\\_1\\_suppC.pdf](https://newsletters.usdbriefs.com/2020/Tax/TNV/200318_1_suppC.pdf)

- **Aid to the airline industry and other distressed sectors of the economy:** This would authorize a \$50 billion appropriation to the Exchange Stabilization Fund to provide secured loans to US passenger and cargo air carriers and \$150 billion in secured loans “to assist other critical sectors of the US economy experiencing severe financial distress due to the COVID-19 outbreak.”
- **Stabilization of the money market mutual fund industry:** This provision would temporarily suspend the statutory limitation on the use of the Exchange Stabilization Fund (section 131 of the Emergency Economic Stabilization Act of 2008) for guarantee programs for the United States money market mutual fund industry.
- **Economic impact payments:** This provision would authorize and appropriate funds for two rounds of direct payments to individual taxpayers, to be administered by the IRS and Bureau of the Fiscal Service. The first round of payments – totaling \$250 billion – would be issued beginning April 6; an additional \$250 billion in payments would be issued beginning May 18. Payment amounts would be fixed and tiered based on income level and family size. Treasury is modeling specific options.
- **Small business interruption loans:** This provision would authorize \$300 billion for the creation of a small business loan interruption loan program.

**Payroll tax holiday not mentioned:** The proposal for direct cash payments to taxpayers – that is, the “economic impact payments” – appears to supplant for the time being the possibility of a temporary reduction in payroll taxes, something that President Trump has pushed for in recent weeks but is not included in the administration’s outline.

At a White House press conference on March 17, the president and Treasury Secretary Steven Mnuchin commented that a payroll tax holiday might not provide the immediate jolt to the economy the administration is seeking.

“[T]he payroll tax is something that I’ve always liked,” the president said. “The problem is it does take a period of time – you know, months – before they really see something. And we don’t really have months, in terms of people living.”

Mnuchin, for his part, said that “Americans need cash now, and the president wants to get cash now. And I mean now, in the next two weeks.”

It’s worth noting, though that even if a stimulus package including direct cash payments is enacted quickly, it is unclear just how long it would take for the government to determine the amounts taxpayers would be entitled to based on their income and family size, process the checks, and get them into taxpayers’ hands.

### **McConnell announces Senate task forces**

Also on March 17, Majority Leader McConnell announced the formation of three Republican-led task forces to explore specific stimulus issues and develop potential proposals. Specifically, the task forces will address:

- Small business liquidity (Led by Small Business Committee Chairman Marco Rubio, R-Fla., and Banking Committee Chairman Mike Crapo, R-Idaho);
- Financial assistance to individuals and businesses (Finance Committee Chairman Charles Grassley, R-Iowa); and
- Aviation assistance (Commerce Committee Chairman Roger Wicker, R-Miss.).

**Senate Democrats lay out their priorities:** Senate Democrats, meanwhile, weighed in with their own stimulus priorities in a memorandum distributed by Minority Leader Charles Schumer, D-N.Y., on March 17. According to the memo, the “menu” of policies was developed in conjunction with relevant Senate committees and would total \$750 billion.

**URL:** [https://newsletters.usdbriefs.com/2020/Tax/TNV/200318\\_1\\_suppD.pdf](https://newsletters.usdbriefs.com/2020/Tax/TNV/200318_1_suppD.pdf)

The largest component of the plan – \$400 billion – relates to emergency appropriations aimed at supporting public health agencies and programs, ensuring access to childcare (especially for healthcare workers), expanding broadband Internet access, and various other measures. Beyond that, the memo calls for enhancing unemployment insurance benefits (beyond those included in H.R. 6201), providing relief to student loan borrowers, and providing immediate loan forbearance for federally backed mortgages.

The memo notes that in addition to the \$750 billion in direct spending, Congress might also consider ways to directly assist hard hit businesses and industries but laid down a marker indicating Senate Democrats will seek to attach conditions, such as a requirement that recipients pay at least a \$15 per hour minimum wage, to such relief.

The extent to which these spending and other policies will be folded into any subsequent coronavirus-relief legislation remains unclear – but they seem certain to play a significant role in negotiations since Senate Republicans will need Democratic support to clear procedural hurdles and advance legislation out of the chamber.

McConnell has acknowledged the 60-vote threshold but has indicated that the Senate Republicans intend to develop a comprehensive plan before they begin negotiating with Democrats.

**Pelosi weighs in:** Across the Rotunda, House Speaker Nancy Pelosi, D-Calif., indicated in a statement released March 17 that House Democrats view the next stimulus package as an opportunity to build on H.R. 6201 by expanding the refundable paid-leave tax credits to address the needs of self-employed individuals, workers in the gig economy, and others with nontraditional employment arrangements. Additional priorities include, among other things, ensuring that workers who are sick can access longer term leave if short- and medium-term leave is exhausted and expanding the scope of allowable uses of family and medical leave.

**URL:** <https://www.speaker.gov/newsroom/31720-0>

We will provide details on congressional action on the possible contours of the next stimulus package as they become available.

### **Treasury, IRS announce extended tax-payment deadline**

In other stimulus news, the Treasury Department and Internal Revenue Service on March 18 issued guidance (Notice 2020-17) allowing all individual and other noncorporate tax filers to defer up to \$1 million of federal income tax payments (including self-employment tax) due on April 15, 2020, until July 15, 2020, without penalties or interest.

**URL:** <https://www.irs.gov/pub/irs-drop/n-20-17.pdf>

The guidance also allows corporate taxpayers a similar deferral of up to \$10 million of federal income tax payments that would be due on April 15, 2020, until July 15, 2020, also without penalties or interest.

According to the notice, the deadline extension applies solely to:

- Federal income tax payments (including payments of tax on self-employment income) due on April 15, 2020, for a taxpayer’s 2019 taxable year, and
- Federal estimated income tax payments (including payments of tax on self-employment income) due on April 15, 2020, for a taxpayer’s 2020 taxable year.

The deadline extension does not apply to the payment or deposit of any other type of federal tax, or for the filing of any tax return or information return.

The relief does *not* change the April 15 filing deadline.

Treasury Secretary Mnuchin first announced plans for the extended payment deadline during his March 17 press conference with President Trump on coronavirus stimulus efforts.

In a March 18 news release, the Treasury Department said that extending the payment deadline “will result in about \$300 billion of additional liquidity in the economy in the near term.”

### **OMB submits supplemental budget request**

In a related development, the Office of Management and Budget on March 18 sent a supplemental budget request to congressional leaders that seeks a bump in appropriations for federal departments and agencies of more than \$48 billion to “ensure that resource needs created by the pandemic response are met.” (A detailed breakdown of the OMB’s request is also available.)

**URL:** <https://www.whitehouse.gov/wp-content/uploads/2020/03/Letter-regarding-additional-funding-to-support-the-United-States-response-to-COVID-19-3.17.2020.pdf>

**URL:** [https://newsletters.usdbriefs.com/2020/Tax/TNV/200318\\_1\\_suppE.pdf](https://newsletters.usdbriefs.com/2020/Tax/TNV/200318_1_suppE.pdf)

The request includes an additional \$241 million for the IRS “to improve taxpayer services for the extended filing season and new tax credit questions, provide taxpayers with new forms and information online for new credits, implement a manual process for the proposed paid-leave tax credit, and enhance IRS information technology capacity to respond and interact with taxpayers.”

- Alex Brosseau, Michael DeHoff, and Storme Sixeas  
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