

Nangia Andersen Consulting Pvt. Ltd.

1,896 followers

1d · 🌐

On March 27, 2020, the US Congress approved, and President Donald Trump signed the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), intended to serve as a comprehensive stimulus package in response to the economic crisis stemming from the coronavirus pandemic. Our partner, [Anshu Khanna](#), San Francisco writes an exclusive piece on US CARES Act : What Businesses Need to Know for [Taxesutra](#) & discuss its relevance for Indian businesses with respect to US interest. <https://lnkd.in/fkNMTkU> #uscaresact #economy #nangiaandersen



US CARES Act : What Businesses Need to Know- by Anshu Khanna , Partner ,
Nangia Andersen LLP, San Francisco

nangia-andersen.com

US CARES Act : What Businesses Need to Know...

Date: April 08,2020



Anshu Khanna (Partner, Nangia Andersen LLP, San Francisco)

The coronavirus COVID-19 is affecting 204 countries and territories around the world and 1.2 million people as we speak. Without doubt, it's a generational challenge for countries, communities, businesses, its leaders and for humanity to slow the spread. The world as we know it has never been shut down, until now. Measures of societal and business closures while effective at fighting a pandemic, also have a dramatic impact on the economy. The COVID-19 pandemic is a human tragedy and global health crisis, and its rapidly escalating into an economic crisis with a long, lingering impact.

The challenge for world leaders is two-fold: Health - put societal measures to slow the spread, scramble medical care for people impacted, accelerate research and roll-out of treatments; Economy - Provide income support to large swaths of population, financial support & liquidity to businesses, and enact measures to minimize the likely recession to follow. Governments across are enacting emergency relief measures to underpin the building blocks of economy.

Simplistically, with Covid-19 shutting down large swathes of the economy, consumer and business activity has come to a standstill, the Government stimulus aims to fill that vacuum. In 2019, US GDP was ~\$21 trillion, the \$2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act aims to make-up for 15-25% anticipated reduction in Q-2 GDP. It's the largest stimulus bill in modern history, more than double the 2009 bill during the Global Financial Crisis. There are five components in CARES:

Category	Total Amount	% of total
Individuals / Families (cash in hand, higher unemployment support)	\$604 bn	30%
Big Business (targeted relief for hard hit industries)	\$500 bn	25%
Small Business (wide ranging lending support)	\$377 bn	19%
State and Local Government	\$340 bn	17%
Public Services	\$180 bn	9%

Congress had already enacted two coronavirus (COVID-19) relief bills:

Phase 1: An \$8.3 bn emergency funding bill to treat and prevent the spread of COVID-19 and give Public Health Support for federal agencies to respond to the coronavirus outbreak. 81% of this bill is designated for US domestic response and 19% for coordinating international response.

Phase 2: Families First Coronavirus Response Act, \$192bn targeted relief for individuals by providing paid sick leave, family and medical leave, employer tax credits, and free COVID-19 testing; expanding food assistance and unemployment benefits; and increasing Medicaid funding.

The CARES Act (CARES) builds on these two legislations by providing more robust support to both individuals and businesses, including changes to tax code. This might not be the end of the line and there is already talk of a Phase 4 stimulus. The COVID-19 stimulus bill runs into 880 pages and its scope is wide-ranging, in this article I am providing a high-level summary of 'What is in it for Businesses' in two buckets - Tax Reliefs and Financial Assistance.

A. Tax Reliefs:

1. Net Operating losses
2. Business interest expense - section 163(j)
3. Alternate Minimum Tax
4. Qualified Immovable Property