

COVID-19 Financial Relief for Animal Healthcare Providers

Working together is the only way we beat a pandemic. AmerisourceBergen’s animal health group is united in creating healthier futures for our customers, from veterinarians caring for pets to producers tending to our nation’s livestock. We recognize the financial risk and economic uncertainty our customers are experiencing and share this document as a high-level overview of provisions your business may benefit from under the Coronavirus Aid, Relief, and Economic Security (CARES) Act signed into law March 27, 2020.



Small Business Administration (SBA) Loan Opportunity via Paycheck Protection Program (P3)

- **Division A, Section 1102** authorizes loans for small businesses (fewer than 500 employees) to cover the following allowable expenses: payroll costs, paid sick or medical leave, insurance premiums, mortgage interest, rent, utility payments and interest on debt acquired prior to 2/15/20.
- **Division A, Section 1106** provides a process by which borrowers are eligible for partial loan forgiveness (up to eight weeks of payroll costs, mortgage interest, rent and utilities), with the forgiven amount based on employee retention and pay continuity 2/15/20 – 6/30/20.
- Application process: P3 loans are available through private lenders and guaranteed by the SBA. Applications are due 6/30/20. Learn more at <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-ppp>
- Department of Treasury Resource: <https://home.treasury.gov/system/files/136/PPP%20--%20Overview.pdf>



Economic Injury Disaster Loan and \$10K Advance

- **Division A, Section 1110** temporarily extends eligibility to include sole proprietors or independent contractors and waives requirements that: a) the entity be in business for a year; b) a personal guarantee be required for loans under \$200,000; c) the applicant is unable to obtain credit elsewhere. This modification also allows for a cash advance of up to \$10,000 to be issued within 3 days of request. This advance can be forgiven if spent on paid leave, maintaining payroll, increased costs due to supply chain disruption, mortgage or lease payments or repaying obligations that cannot be met due to revenue loss. Funds available on a first come/first served basis.
- Application process: Apply at <https://www.sba.gov/funding-programs/disaster-assistance> or call 800-659-2955 (TTY: 800-877-8339).



Tax Credits, Deferments and Deductions

- **Division A, Section 2301** establishes a refundable payroll tax credit for businesses that fully or partially suspend operations due to a COVID-19 order. The amount eligible is 50 percent of qualified wages paid out 3/13/20-12/31/20.
- **Division A, Section 2302** allows employers and self-employed individuals to defer payment of the 6.2 percent employer-side Social Security payroll tax, effective for wages paid between the date of enactment and 12/31/20.
- **Division A, Section 2306** temporarily increases the amount of interest expense eligible for tax return deduction from 30 percent to 50.



Agricultural Funding and Protections

- **Division B** provides \$9.5B in funding to the Office of the Secretary for programs to prevent, prepare for, and respond to COVID-19 by providing support for agricultural producers including livestock and dairy producers.
- **Division B, Section 11002** authorizes reimbursement of the USDA's Commodity Credit Corporation (CCC) for \$14B in net realized losses to help ag industries impacted by COVID-19.



Modifications for Net Operating Losses

- **Division A, Section 2303** relaxes the limitations on a company's use of losses. The changes in this provision will allow companies to utilize losses and amend prior year returns, which will provide critical cash flow and liquidity during the pandemic.
- **Division A, Section 2304** modifies the loss limitation applicable to pass-through businesses and sole proprietors. This will allow noncorporate entities to utilize excess business losses and access critical cash flow to maintain operations and payroll for their employees.



Paid Sick and FMLA Limitations

- **Division A, Section 3601** limits employer paid FMLA obligations – per employee – to no more than \$200 per day and \$10,000 aggregate.
- **Division A, Section 3602** limits employer paid sick leave obligations – per employee – to no more than \$511 per day and \$5,110 aggregate and no more than \$200 per day and \$2,000 aggregate to care for a quarantined individual or child.
- **Division A, Section 3605** allows an employee laid off by an employer on or after 3/1/20 to have access to paid family and medical leave in certain instances if they are rehired by the employer.



Student Loan Benefit and Employer Support

- **Division A, Section 2206** allows employers to provide a student loan repayment benefit to employees on a tax-free basis for 2020. An employer may contribute up to \$5,250 annually toward an employee's student loans, and this would be excluded from the employee's income.
- **Division A, Section 3513** allows for the Secretary of Education to defer student loan payments, principal and interest, through 9/30/20.

Additional Resources:

- Full CARES Act details visit <https://www.congress.gov/bill/116th-congress/house-bill/748/text>
- AVMA CARES Act Summary <https://www.avma.org/resources-tools/animal-health-and-welfare/covid-19/cares-act>
- US Chamber of Commerce https://www.uschamber.com/sites/default/files/023595_comm_corona_virus_smallbiz_loan_final.pdf
- Department of Treasury <https://home.treasury.gov/system/files/136/PPP%20--%20Overview.pdf>
- Department of Labor <https://www.dol.gov/coronavirus>
- Department of Education <https://www.ed.gov/coronavirus>
- Small Business Administration <https://www.sba.gov/funding-programs/disaster-assistance>

Please consult your tax counsel for rules on access to these programs. This list is not an exhaustive list; it is an overview of highlights only. Federal regulatory guidance on these and other relief provisions are being continuously updated.