



## Owner-Operator Independent Drivers Association

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Congress has taken action to provide financial assistance for small businesses and independent contractors who have been negatively impacted by COVID-19. These are the details of the programs and relief that have been passed into law. These programs still need to be set up, and federal agencies will need to provide guidance on who exactly is eligible and how to apply for this assistance or claim relief. Congress has required federal agencies to establish these programs quickly, and we will provide you this information as soon as it is available.

Nearly all Americans will receive direct financial assistance. Individuals with adjusted gross income up to \$75,000 (\$150,000 for married couples) will get a \$1,200 payment (\$2,400 for married couples). Individuals or families within these thresholds will receive an additional \$500 per child. Payments will phase out for individuals above \$75,000. Single filers above \$99,000, head-of-household filers with one child above \$146,500, and joint filers with no children above \$198,000 are not eligible. The IRS will automatically administer these funds via direct deposit for households where they have this information, and will mail checks to others, in the next few weeks.

### Small Business Administration (SBA) Assistance

For the most up to date information on SBA assistance, including loans that are currently available, you can visit their website here: <https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>.

The following are the newly enacted programs:

- **Paycheck Protection Program**

- Congress has provided \$350 billion for this new loan program, which will offer up to eight weeks of cash-flow assistance (up to \$10 million) to businesses that have been impacted by the COVID-19 emergency.
- Independent contractors, sole proprietors, and all businesses under 500 employees can apply for this assistance. As a condition of eligibility, an applicant must have had employees for whom it paid salaries and payroll taxes, or paid an independent contractor.
- The loan can be used for:
  - Payroll costs (which includes “income of a sole proprietor or independent contractor that is a wage, commission, income, net earnings from self-employment, or similar compensation”);
  - Costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums;
  - Mortgage payments;
  - Rent, utilities; and
  - Interest on any other debt obligations incurred before the emergency started.
- If an employer maintains their payroll throughout the emergency period, the portion of the loan used for payroll, rent, utilities, and interest payments would be forgiven.
- Loan repayments can be deferred for at least six months, and up to a year.

- The maximum interest rate on these loans is 4%,
- Applications will be done through the SBA.
- **Emergency Economic Injury Disaster Loan (EIDL) Grants and Loans**
  - Congress has expanded SBA's existing Economic Injury Disaster Loan (EIDL) program by allowing all independent contractors, sole proprietorships, and businesses under 500 employees to apply for an EIDL during this emergency period. Businesses experiencing disruptions because of COVID-19 are eligible to apply for this program.
  - Businesses and independent contractors can also apply for an emergency **grant** for up to \$10,000. This grant would not have to be repaid, and \$10 billion has been provided for these grants
  - The loan and grant can be used for:
    - Meeting ordinary and necessary financial obligations that cannot be met as a direct result of the disaster;
    - Providing paid sick leave to employees unable to work resulting from COVID-19;
    - Repaying obligations that cannot be met due to revenue losses;
    - Maintaining payroll to retain employees during business disruptions or substantial slowdowns; and
    - Meeting increased costs for materials unavailable from original source due to interrupted supply chains.
  - Congress has waived the requirement that businesses must look for credit elsewhere before applying for an EIDL, as well as the rules requiring personal guarantee on advances and loans of less than \$200,000.
  - Applications will be done through the SBA.

## Tax Relief

- **Employee retention credit for employers** – Employers are eligible for a refundable payroll tax credit for 50% of wages paid to employees during the emergency period. The credit is provided for the first \$10,000 of compensation paid to employees.
  - To be eligible, a business must have fully or partially suspended operations because of COVID-19 or experienced a 50% decline in gross receipts as compared to the same quarter last year.
  - A business using a loan from the Paycheck Protection Program is not eligible for this credit.
- **Deferral of payroll taxes** – Employers and self-employed individuals can defer payment of the employer share of the Social Security tax. These taxes would need to be repaid over the next two years, with 50% due by the end of 2021, and the remaining amount due by the end of 2022.
  - A business or individual that has a Payroll Protection Program loan forgiven would not be eligible for this deferment.
- **Modifications for Net Operating Losses (NOL)** – Corporations, as well as pass-through businesses and sole proprietors, are allowed to carry back five years a net operating loss from 2018, 2019, or 2020. This legislation allows for an NOL to fully offset income.
- **Temporary increase to business interest deduction** – For tax years 2019 and 2020, businesses can deduct interest expenses up to 50% of their taxable income. This is up from the current level of 30%.
- **Waiver of penalty for early withdrawal from retirement accounts** – Individuals can withdraw up to \$100,000 from qualified retirement accounts without incurring the 10% early withdrawal penalty. Eligible individuals include those diagnosed with COVID-19, those who have a spouse or dependent diagnosed with COVID-19, or those who suffer adverse financial consequences as a result of COVID-19, including closing or reducing business hours.

## New COVID-19 Paid Leave Requirements

Employees at businesses with fewer than 500 employees are eligible for new paid leave benefits resulting from COVID-19 impacts. Employers are required to pay for this leave initially, but will be reimbursed. Independent contractors are eligible for tax credits for leave taken because of COVID-19.

### For employees:

**Sick leave** – Employees are eligible for sick leave to care for themselves or a family member.

- Full-time employees are eligible for 80 hours of paid leave at 100% of pay (up to \$511) to quarantine, seek a diagnosis, or receive preventive care or treatment for coronavirus. Part-time employees are entitled for 100% of their pay for the typical number of hours they work during a two-week period.
- Employees are eligible for 80 hours of paid leave at 2/3 of their pay (up to \$200 per day) to care for a family member dealing with COVID-19, or to care for a child whose school has closed, or whose child care provider is unavailable, due to the coronavirus. Part-time employees are entitled for 2/3 of their pay for the typical number of hours they work during a two-week period.

**Expanded Family and Medical Leave** – Employees are eligible for up to 12 weeks of job-protected leave for the following reasons:

- To care for an at-risk family member who is adhering to a requirement or recommendation to quarantine due to exposure to or symptoms of coronavirus; and
- To care for a child of an employee if the child's school or place of care has been closed, or the child-care provider is unavailable, due to a coronavirus.

The first two weeks of this expanded family and medical leave would be unpaid, followed by 10 weeks of paid leave. Paid leave will be at least 2/3 of usual pay. Employees may elect or be required to overlap the initial two weeks of unpaid leave with two weeks of other paid leave they have available.

### For Independent Contractors:

Refundable tax credits will be available for self-employed individuals who have to miss work or take leave for the same reasons as described for employees. These credits will be claimed on a tax return, and they will be for the same amount as described for employees.

### For employers:

Employers with fewer than 500 employees are required to offer employees the paid sick leave and paid family leave as described above.

Employers are reimbursed at 100% for these leave expenses through a refundable tax credit that counts against an employer's payroll tax. Employers who pay qualifying sick or child care leave will be able to retain an amount of the payroll taxes equal to the amount of qualifying sick and child care leave that they paid, rather than deposit them with the IRS. If there are not sufficient payroll taxes to cover the cost of qualified sick and child care leave paid, employers will be able file a request for an accelerated payment from the IRS.