

Wednesday, March 25, 2020

Senate passes CARES Act, 3rd COVID-19 relief bill

Hello, Fellow Dentists:

For the last few weeks, the American Dental Association has advocated on your behalf as federal lawmakers debate the best way to respond to the deepening economic crisis caused by the COVID-19 outbreak. Congress is finalizing legislation that could support dentists during these exceptional circumstances, and I'd like to provide an update.

Following many days of discussions, the Coronavirus Aid, Relief and Economic Security Act (H.R. 748) finally passed the Senate today. The bill now needs to be approved by the House and eventually signed by the president.

The bill—known as the CARES Act—is the third legislative package developed in response to the coronavirus pandemic following the successful passage of an emergency funding bill and the Families First Coronavirus Response Act (H.R. 6201, now Public Law 116-127).

This CARES Act contains many provisions which the ADA has advocated for on behalf of dentistry that could be of significant benefit to dentists, dentist owners, dental students and dental office employees.

The legislative process is not completed. But we wanted to provide you with some details of the bill so that you can plan accordingly. Of note is that regulatory guidance from federal agencies such as the Department of Labor, Department of Treasury, Department of Health and Human Services, and the Internal Revenue Service may be necessary to fully explain the value and impact that these provisions would have on dentists, students and employees. The ADA will provide that guidance when it is available.

While the bill contains numerous provisions of interest and value, below are those that we believe are most critical for dentists, students and employees:

- There are a number of Small Business Administration (SBA) loans available to dentist owners. One loan, in particular, is the Economic Injury Disaster Loan (EIDL), which establishes an emergency grant to allow a dental practice that applies for an EIDL loan to receive an advance on that loan of no more than \$10,000, which the SBA must distribute within three days. The money may be used to pay for employee sick leave (COVID-19-related), mortgage or rent, and other overhead expenses. The grants would be awarded on a first come first served basis until the \$10 billion fund is exhausted, and applicants would not have to repay the \$10,000 grant even if they are denied the loan. [Click here](#) to visit the SBA site and learn more about the EIDL loan and other SBA loans.

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- Employers may be eligible for a portion of their federal small business loans to be forgiven (tax-free) for amounts spent for certain payroll, sick leave, family leave and other overhead expenses between February 15 and June 6, 2020, as well as certain other debt obligations incurred prior to February 15, 2020.
- The SBA will pay the principal, interest and any associated fees that are currently owed on certain SBA loans for a six-month period starting on the next payment due date. Loans that are already on deferment would include an additional six months of payment by the SBA beginning with the next payment.
- The bill allows for a withdrawal of money from retirement funds (i.e., 401K, etc.) of up to \$100,000 in 2020 without paying a penalty if the dentist, their spouse or dependent(s) are diagnosed with COVID-19, or experience adverse financial consequences as a result of being quarantined, furloughed, laid off or having work hours reduced due to the coronavirus pandemic.
- Federal student loan borrowers would not be required to make a payment through September 30, 2020. During this time, no interest would accumulate on those federal loans (payment suspension applies only to loans held by the Department of Education, not private loans). Regardless, loan borrowers should call their lender to verify eligibility.
- For dentist employees that receive assistance from their employers in paying off student loans, those dentist employees will not have to pay income tax on any payment assistance, up to \$5,250, that they receive between enactment of this law and January 1, 2021.
- Employers and self-employed individuals can defer payment of the employer share of the Social Security tax until December 31, 2020. The deferred amounts would be paid over the following two years, with half of the amount required to be paid by December 31, 2021, and the other half by December 31, 2022.
- The bill provides for a one-time federal income tax rebate for eligible dentists and their employees in 2020. The rebate amount would be \$1,200 for individual tax filers and \$2,400 for those filing a joint return. The amount of the rebate will be reduced for single filers making more than \$75,000 and joint filers earning in excess of \$150,000. In addition, a rebate of \$500 is available for each child.
- Emergency unemployment compensation benefits are dramatically increased—by as much as \$600 a week—should dental office employees be laid off. This is a supplement for state funded unemployment insurance, with the federal enhancement being funded for four months.

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I urge you to talk to your accountant about these provisions and determine how you might benefit from utilizing them. That said, when the bill is signed into law, the ADA will provide a full and detailed account of all the provisions that affect dentistry.

We will keep you informed as news breaks on this legislation. These are challenging times, but the ADA will continue to be a resource on important issues for you, your practice, and the profession. This is uncharted territory for the entire dental community, but we will get through this together.

Stay well,

Chad P. Gehani, DDS
President