CARES Act Help to Individuals and Nonprofits

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Charitable Giving

- Temporary Universal Charitable Contribution Deduction in 2020 of $300 cash – excludes Donor Advised Funds and Private Foundations
- Eliminates Sixty Percent Ceiling on cash gifts to public charities in 2020 (excludes Supporting Orgs & DAFs
- Increases Ten Percent Corporate Cap on deductible donations to Twenty Five Percent
- Those help Charities seeking deductions, but note Retirement changes waiving minimum distributions from IRA should negatively impact giving
- Increased limit of deduction of food from fifteen percent net income to twenty five percent net income
Retirement Provisions

Waives minimum distribution requirements for IRAs in 2020, including for inherited IRAs

- For those who already took a distribution – possibility of 60-day rollover

Eliminates 10% penalty for SOME withdrawals from retirement accounts of up to $100,000 for those under 59 ½

- You or spouse or a dependent must have been diagnosed with Covid-19 OR you have suffered financial consequences & employer must allow
- Retroactive to January 1, 2020

Doubles amount you can borrow from qualified employer plan to lesser of $100,000 or 100% of plan balance

- Delays repayment dates scheduled for 2020
Unemployment Provisions

- Created Pandemic Unemployment Assistance – available to those not eligible for regular UI, such as the self-employed. Some Nonprofit employees may find themselves in this category. 39 weeks, ends 12/31/20
  - Need show Covid-19 impact
- Increased the weekly benefit for Unemployment Insurance by $600 from as early as March 29th through July 31, 2020.
  - Your state must enter into an agreement with the Department of Labor; depending on your state the start date is different.
- Unemployment Insurance extended for 13 weeks
- Provides federal funds for work-sharing arrangements – short term compensation program
Nonprofits with unrelated trades and businesses should consider whether they are able to use NOLs to generate refunds.

The challenge is that the UBIT silo law enacted in the 2017 Tax Act is still applicable and makes tracing those NOLs challenging. Still awaiting Treasury guidance on how to appropriately segregate unrelated trades and businesses.

Grants for community health centers, substance abuse and mental health services, child care providers, community service organizations for social service and emergency efforts.

Higher Ed provisions: Increased ability to provide emergency grants to students under Federal Supplemental Educational and Opportunity program for unexpected expenses for students with financial need & IHEs can continue to pay students under Federal Work Study programs if there is a qualifying emergency.