



INFORMATION PAPER



AETS-JAS-LA

6 April 2020

SUBJECT: The Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

1. Purpose. Provide basic information on the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).
2. Background. The CARES Act was signed into law on 27 March 2020 to alleviate the economic impact of the COVID-19 pandemic.
3. Economic Assistance. The CARES Act provides economic assistance to individuals, families, employees, businesses, and specific industries impacted by the COVID-19 pandemic. Some key economic assistance provisions of the CARES Act include:
 - a. Recovery Rebates. U.S. residents who are not a dependent of another taxpayer and who have a work eligible social security number are eligible to receive a rebate. The rebate amount—based on 2019 tax return, or 2018 return if 2019 return has not been filed—varies depending on a taxpayer’s adjusted gross income, whether the taxpayer filed a single or joint return, and the taxpayer’s number of qualifying children. Taxpayers with adjusted gross income up to \$75,000 (single) or \$150,000 (joint) are eligible for the full \$1200 (single) or \$2400 (joint) rebate. Taxpayers will receive an additional \$500 for each qualifying child. The rebate amount is reduced by \$5 for each \$100 that a taxpayer’s income exceeds the \$75,000 (single) or \$150,000 (joint) threshold. The amount is completely phased-out for taxpayers with adjusted gross incomes exceeding \$99,000 (single) or \$198,000 (joint with no children).
 - b. Student Loans. Federal student loan payments are suspended—meaning borrowers are not required to make payments, but borrowers can continue to make payments if they choose to—through 30 September 2020. Interest will not accrue during this time. For borrowers enrolled in an authorized loan forgiveness/rehabilitation program, each month for which a loan payment is suspended will be treated as if the borrower made a payment.
 - c. Mortgages. Foreclosures are prohibited on all federally-backed mortgage loans for 60 days (beginning 18 March 2020). Borrowers of federally-backed mortgage loans experiencing financial hardship due to COVID-19 may request up to 360 days of forbearance (180 days, plus 180-day extension).

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d. Credit Reporting. The CARES Act amends the Fair Credit Reporting Act (FCRA) by placing new reporting requirements on furnishers (institutions that furnish credit information to credit reporting agencies) for the duration of the COVID-19 national emergency and 120 days thereafter. A furnisher that makes an “accommodation” (agreement with a consumer to defer payments, make partial payments, forbear delinquent amounts, modify a contract/loan, etc.) is required, while the accommodation is in effect, to report a credit obligation/account as: “current” if the obligation/account was current before the accommodation and the consumer fulfills the terms of the accommodation; or “delinquent” if the obligation/account was delinquent before the accommodation, unless the consumer brings the obligation/account current (in which case the obligation/account will be reported as “current”). The new reporting requirements do not apply to charged-off credit obligations/accounts.

e. Retirement. The CARES Act provides relief for eligible retirement plan/account “coronavirus-related distributions” up to \$100,000 per tax year by: allowing in-service distributions; eliminating the 10% early distribution penalty; exempting distributions from the 20% withholding tax applicable to eligible rollover distributions; permitting any distribution amount required to be included in gross income to be spread out over a three-taxable-year period beginning with the year the distribution would otherwise be taxable; and permitting repayment of distributions within three years (treated as a direct trustee to trustee transfer within 60 days of the distribution). The CARES Act also increases the limit on loans from qualified retirement plans to the lesser of \$100,000 or 100% of the participant’s vested benefit, and temporarily waives required minimum distributions rules for certain retirement plans/accounts.

f. Small Business Assistance. The CARES Act provides economic support to small businesses through the Payroll Protection Program, Economic Injury Disaster Loans, Emergency Economic Injury Grants, and the Small Business Debt Relief Program. Information about these programs can be found on the U.S. Small Business Administration website and in the Small Business Owner’s Guide to the CARES Act published by the U.S. Senate Committee on Small Business and Entrepreneurship.

4. Point of Contact. For further information, please contact the Stuttgart Law Center Legal Assistance Office at usarmy.stuttgart.21-tsc.mbx.slcla@mail.mil or +49 (0) 964-170-591-4608 during duty hours.

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