



COVID-19 Actions & Insurance Implications

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If you missed our Webinar, COVID-19: What the H@!?! Do We Do Next? [CLICK HERE](#) for a recording.

Recent News

- Requests have been made to amend guidance to allow for the use of the employee retention tax credit under the CARES Act for businesses who have furloughed workers but continue to pay health coverage costs for those employees. [Click Here](#)
- The Treasury Department released new FAQs for the PPP which address among other issues, whether forgiveness applies if employees are rehired. [Click Here](#)
- Sen. Grassley has expressed concern over the apparent denial of federal tax deductions for expenses paid with PPP funds which are subsequently forgiven. [Click Here](#)
- Uncertainty remains over the forgiveness requirements of the PPP and how businesses qualify for that forgiveness. [Click Here](#)
- Potential legislation related to immunity from COVID-19 liability for employers is a point of contention. [Click Here](#)
- Tenants are beginning to seek alternatives to traditional fixed rent leases including provisions for revenue sharing. [Click Here](#)
- The COVID-19 virus appears to have mutated with the dominant strain in the West apparently more contagious than other strains in Wuhan. [Click Here](#)
- New technology in the workplace meant to assist in "contact tracing" presents a slew of privacy concerns over employee surveillance. [Click Here](#)
- Temperature testing and other measures present complexities for employers as employees return to work. [Click Here](#)

Actions & Analysis – Week in Review

- Plan for reopening and be sure to coordinate with property managers and tenants. Ensure that plans are holistic, and be sure to consider repercussions of plans such as temperature taking and the need to secure data, protect people waiting in line, etc.
- Review the new FAQs from the PPP loans. Be sure to keep abreast of the latest developments regarding forgiveness. [Click Here](#)

As the Paycheck Protection Program ("PPP") has continued its rollout, questions remain over the tax effects of utilizing one of the loans. The PPP was passed quickly and some confusion over the program is understandable given the emergency nature of the program, the size of the program, and the complexity of the tax code. However, businesses are now contemplating the pursuit of forgiveness under the program, and some are surprised by the tax implications of that forgiveness.

Under normal circumstances, business related expenses are deductible from federal tax returns. PPP funds are to be used for those kinds of expenses which are normally deductible under tax law in order to be eligible for forgiveness. However, the IRS has stated that organizations will not be allowed deductions for expenses which are paid using forgiven loans under the PPP. At the same time, proceeds from the loans, even if forgiven, will not be counted as income for tax purposes on the balance sheets of those same organizations. Some companies, and Senator Grassley, have expressed concern over the lack of applicable deductions, arguing that the efficacy of the PPP will be diminished as a result. Tax law experts seem to agree that the stance of the IRS is in accordance with current law. While further legislative changes could be coming, organizations would be wise to plan according to current law and guidance and assume that expenses which are paid using forgiven funds from the PPP, will not be eligible for tax deductions under federal law. Consultations with accounting experts would also be advisable.

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