



# Tax Client Alert

## Coronavirus Aid, Relief, and Economic Security Act or “CARES Act”

### Tax Relief

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March 31, 2020

The Coronavirus Aid, Relief, and Economic Security Act or [“CARES Act,” H. R. 748](#), was passed by Congress and signed by the President on March 27, 2020. The CARES Act includes federal tax law changes to the Internal Revenue Code of 1986 (“Code”) aimed at providing financial relief for individuals and businesses affected by the coronavirus (COVID-19) pandemic.

### Overview

Individual tax relief provisions in the CARES Act include a refundable income tax credit and rebate payment, provisions to allow individuals affected by the COVID-19 crisis to access retirement plan accounts for cash distributions or loans, charitable contribution deduction incentives, and exclusion of employer payment of student loans for employees. Business tax relief provisions include employment tax credits, employment tax payment delay, deductions to assist a business in retaining employees and increasing cash flow, and modification of net operating loss rules.

CARES Act tax relief, in snapshot, provides for:

#### Individuals

- Rebates of \$1,200, \$2,400 joint, \$500 per child, for individuals, phased out for higher income taxpayers
- COVID-19 related distributions up to \$100,000 from 401(k) plans without penalty
- Deferral of federal income tax on retirement plan withdrawals spread over 3 years
- Repayment of retirement plan withdrawals within 3 years
- Retirement plan participant loan limits increased
- Waiver of retirement plan/IRA minimum distribution (RMD)rules
- Charitable contribution “above the line” deduction for \$300 cash contributions
- Increased charitable contribution deduction limitation for 2020 cash contributions
- Nontaxable employer payment of employee student loans

#### Business

- Employment tax credit for employers subject to closure by COVID-19
- Employer delay of payment of employment (payroll) taxes
- Net operating loss (NOL) taxable income limitation temporarily removed
- NOL carryback modification
- Noncorporate taxpayer loss limitation on excess losses modified
- Accelerated corporate alternative minimum tax credits

- Interest expense deduction limit increased (30% to 50%)
- Bonus depreciation on qualified improvement property correction
- Increased charitable contribution deduction limitation for 2020 cash contributions
- Alcohol excise tax exception for producing hand sanitizer

## Individual Tax Provisions in the CARES Act

### **CARES Act Section 2201: Individual Recovery Credit and \$1,200 Per Individual Tax Rebate**

The CARES Act tax relief changes allow eligible individuals a credit against federal income tax for taxable year 2020, equal to the sum of:

- \$1,200 for an individual, (\$2,400 for eligible individuals filing a joint federal income tax return), plus
- \$500 for each qualifying child of the taxpayer.

The credit is refundable and payable to an eligible individual.

The Internal Revenue Service (“IRS”) will make advance credit rebate payments of the refundable credit amount to eligible individuals.

For purposes of the credit and rebate payment, an "eligible individual" is any individual, subject to specified exceptions. The exceptions that are not eligible are (1) any nonresident alien individual, (2) any individual with respect to whom a federal income tax deduction for dependency is allowable to another taxpayer and (3) an estate or trust.

The credit and rebate is allowed to lower to middle level income individuals. Individuals with higher income will not receive a credit and rebate payment. The credit and rebate is reduced or “phased-out” by five percent (5%) of so much of the taxpayer's adjusted gross income (AGI) as exceeds:

- \$150,000 in the case of a joint return,
- \$112,500 in the case of a head of household, and
- \$75,000 in the case of other taxpayers.

Each individual who was an eligible individual for his or her 2019 taxable year shall be treated as having made a payment against the federal income tax in 2019 equal to the credit/rebate amount, as stated above, (e.g., \$1,200 for individual).

The IRS may apply this deemed payment treatment to 2018, as an alternate taxable year for which an individual can qualify as an eligible individual instead of 2019. A credit and rebate will not be allowed for an individual whose tax return does not include his or her social security number. Information on individuals from Social Security benefit statements may be used by the IRS to determine eligibility in the absence of filed tax returns.

This appears to mean for an individual who has already filed a federal income tax return for 2019, the IRS will use the information provided about the individual's 2019 income, marital status and dependents. However, it is noted that the filing date for individual 2019 income tax returns has been extended by the IRS from April 15, 2020 to July 15, 2020, because of the COVID-19 pandemic; and for individuals who have not filed federal income tax return for 2019 the IRS may use information from the individual's 2018 federal income tax return for determining eligibility for and amount of the credit and rebate payment, if a properly completed return was filed for the 2018 tax year in 2019.

It has also been reported the IRS will pay the amount of the credit and rebate to eligible individuals as soon as possible during 2020; and that most eligible individuals will not have to take any action to receive an advance rebate payment from the IRS.

The CARES Act provides that the rebates shall be made as rapidly as possible, but that no refund or credit shall be made or allowed after December 31, 2020. No interest shall be allowed on the amount of the credit/rebate for an individual.

The IRS may make the rebate to individuals electronically to any account to which the payee authorized, on or after January 1, 2018, the delivery of a refund of federal taxes or of a federal payment.

The IRS is required to mail a notice to the last known address of the individual eligible to receive the rebate indicating how the payment was made, the amount of the payment, and a phone number for reporting any failure to receive the payment to IRS. The IRS notice must be given by mail to the taxpayer's last known address no later than fifteen (15) days after the date the IRS distributed a rebate payment.

An IRS information release contains a list of [questions and answers](#) about the refundable credit and rebate payments, referred to as economic impact payments. IR-2020-61, Mar. 30, 2020.

Because the CARES Act provides that the credit is a *refundable* credit under the Code, a published explanation of the Act has stated the rebate amount received by an eligible individual will not be taxable income to the individual. See, also IRS Publication 525 (Rev. February 2020), *Taxable and Nontaxable Income* (stating refunds of federal income taxes are not included in income for federal income tax purposes because federal income taxes are never allowed as a deduction from income).

The CARES Act provides that the U. S. Treasury and IRS shall issue regulations or other guidance as necessary to carry out the purposes of the law.

#### **CARES Act Section 2202: Retirement Plan COVID-19 Relief for Individuals**

The CARES Act includes tax relief in the form of special temporary rules to enable retirement plan participants (including individual retirement account ("IRA") owners) who are affected by the COVID-19 virus to access retirement funds. This relief allows an affected individual to avoid the 10% additional income tax on early (e.g. prior to age 59 ½) distributions, to include plan distributions in income for federal income tax purposes spread over three (3) years, to repay distributions within three (3) years, to receive increased plan loans, and repay plan loans over a longer period. Required minimum distribution (RMD) rules for retirement plan benefits and IRAs are suspended in 2020.

#### **Coronavirus-Related Distributions from Retirement Plans for Individuals**

The CARES Act provides the 10% additional federal income tax on early distributions from a qualified retirement plan, (e.g. employer 401(k) plan), or traditional IRAs, under section 72(t) of the Code, does not apply to any coronavirus-related distribution, up to \$100,000.

This waiver of the 10% additional income tax given for coronavirus-related distributions from retirement plans applies to distributions made on or after January 1, 2020, and before December 31, 2020.

The aggregate amount of distributions received by an individual which may be treated as coronavirus-related distributions not subject to the additional 10% income tax cannot exceed \$100,000.

A “coronavirus-related distribution” for this purpose means any distribution made on or after January 1, 2020, and before December 31, 2020, from an eligible retirement plan made to a qualified individual.

An individual who can qualify for waiver of the 10% additional income tax on early retirement plan distributions is an individual:

- who is diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 COVID-19) by a test approved by the Centers for Disease Control and Prevention (CDC),
- whose spouse or dependent is diagnosed with such virus or disease by such a test, or
- who experiences adverse financial consequences as a result of:
  - being quarantined, being furloughed or laid off or having work hours reduced due to such virus or disease,
  - being unable to work due to lack of child-care due to such virus or disease,
  - closing or reducing hours of a business owned or operated by the individual due to such virus or disease, or
  - other factors as determined by the Secretary of the Treasury.

The administrator of an eligible retirement plan may rely on an employee's certification that the employee satisfies the experience of “adverse financial consequences” conditions listed above, in determining whether any distribution is a coronavirus-related distribution.

An “eligible retirement plan” for purposes of this provision generally means and includes a qualified employer retirement plan and trust under Code section 401(a), an individual retirement account described in Code section 408(a), an individual retirement annuity described in Code section 408(b) (other than an endowment contract), an annuity plan described in Code section 403(a), an eligible deferred compensation plan described in Code section 457(b) which is maintained by an eligible employer described in Code section 457(e)(1)(A), and an annuity contract described in Code section 403(b).

The CARES Act provides rules for preserving the tax qualification of retirement plans from which distributions to individuals intended to be a coronavirus-related distribution.

### **Réparation of Coronavirus-Related Distribution to a Retirement Plan**

The CARES Act provides that any individual who receives a coronavirus-related distribution may recontribute or “repay” the amount received in the distribution to an eligible retirement plan.

The CARES Act provides that at any time during the three (3) year period beginning on the day after the date on which such distribution was received, the individual may make one or more contributions, in an aggregate amount not to exceed the amount of such coronavirus-related distribution, to an eligible retirement plan.

The contributions must be made to an eligible retirement plan of which the individual is a beneficiary and to which a rollover contribution of such distribution could be made under the Code.

This provision in CARES Act appears to be like provisions for retirement plan distributions that have been enacted with respect to natural disaster taxpayer relief for prior years. It would enable an individual to effectively repay any portion of a coronavirus-related distribution that is eligible for tax-free rollover treatment to an eligible retirement plan. The repayment cannot be more than the amount of the coronavirus-related distribution; and amounts that are repaid are to be treated as a direct trustee-to-trustee transfer within the tax-free rollover period and not included in income.

Note: IRS guidance previously published about disaster related distributions from retirement plans to an individual, and the individual's later repayment of all or part of the amount of the distribution to an eligible retirement plan indicate amounts that are repaid are treated as a trustee-to-trustee transfer and are not included in income. See, IRS Publication 976 (February 2018), *Disaster Relief*. The IRS will presumably provide guidance on the terms and effect of the CARES Act in this context in the near future.

### **Three-Year Ratable Income Tax for Taxable Coronavirus-Related Distributions**

The CARES Act provides in the case of any coronavirus-related distribution any amount required to be included in gross income of the individual receiving the distribution for a taxable year shall be included ratably over the 3-taxable-year period beginning with such tax year. An individual may elect to include it in gross income earlier.

### **Retirement Plan Participant Loan Limits Increase**

The CARES Act provides flexibility for retirement plan participants affected by the COVID-19 pandemic receiving loans from qualified employer retirement plans (e.g. employer sponsored 401(k) plan) for coronavirus-related relief. The relief pertains to the limits on the amount of plan loans and repayment of plan loans.

For a loan from a qualified employer plan to a qualified individual made during the 180-day period beginning on March 27, 2020 (the date of enactment of CARES Act) the maximum amount of plan loans that may be made and outstanding from a plan to a plan participant is *increased* from the lesser of \$50,000, or one-half percent of the present value (but not less than \$10,000) of the plan participant's vested benefits under the plan, to \$100,000, or the *total* of the present value (but not less than \$10,000) of the participant's vested benefits under the plan.

For a qualified individual with an outstanding plan loan the due date for any repayment that occurs between March 27, 2020 (date of enactment) and December 31, 2020, shall be delayed for one (1) year. For purposes of this plan loan relief a "qualified individual" has the same meaning as stated above for an individual allowed the avoidance and waiver of the 10% early distribution additional income tax on coronavirus-related distributions from retirement plans.

### **CARES Act Section 2203: Waiver of Retirement Plan Required Minimum Distributions for 2020**

The CARES Act provides the required minimum distribution ("RMD") provisions under the Code for qualified retirement plans (e.g. employer 401(k) plan, or IRA), do not apply for calendar year 2020.

This provides relief to individuals who would otherwise be required to withdraw funds from such retirement accounts during the economic slowdown due to COVID-19.

The RMD provisions do not apply to any distribution which is required to be made in calendar year 2020 by reason of (1) a required beginning date occurring in calendar year 2020, and (2) such distribution not having been made before January 1, 2020. The determination and application of requirements calculated in years for RMD purposes after 2020 shall be done without regard to calendar year 2020.

The waiver or RMD requirements applies to defined contribution plans described in Code section 401(a)(9), (e.g. qualified profit-sharing, or 401(k) plan) and 403(a) (qualified annuity plan) or 403(b) (annuity purchased by 501(c)(3) exempt organization), a defined contribution plan described in Code section 457(b) maintained by an employer described in Code section 457 (e)(1)(A) (deferred compensation plan sponsored by state or local government or agency, instrumentality), or an IRA.

The CARES Act provides rules for coordinating the waiver of the RMD rules with Code requirements governing terms of qualified retirement plans and the timing of required plan amendments.

#### **CARES Act Section 2204: Charitable Contribution “Above the Line” Deduction for \$300 Cash Contributions**

The CARES Act adds an allowed federal income tax deduction that can be taken in the calculation of gross income, in the case of tax years beginning in 2020, for the amount, not exceeding \$300, of a qualified charitable contribution which is made in cash by an eligible individual during the taxable year.

For this purpose, the term "eligible individual" means any individual who does not elect to itemize federal income tax deductions, so that the deduction can be taken in computing adjusted gross income of the individual.

The term "qualified charitable contributions" for which the "above the line" deduction a contribution of cash by an individual is allowed is limited the certain types charities. In general, cash contributions to publicly supported charities and exempt organizations will qualify. Contributions to certain other types of tax-exempt organizations will not qualify.

#### **CARES Act Section 2205: Increased Charitable Contribution Deduction Limitation for 2020 Cash Contributions**

The CARES Act also provides for the increase of limitations on federal income tax deductions for charitable contributions paid in cash during calendar year 2020 by individuals who itemize federal income tax deductions.

For individuals, the sixty percent (60%) of adjusted gross income limitation on individual charitable contribution deductions is suspended for cash contributions made in 2020.

This CARES Act suspension of the 60% limitation appears to be patterned after similar suspension of the limitations for individual taxpayer deductions of charitable contributions for disasters in 2018 and 2019. This would result in a deduction for the qualified contribution in 2020 being limited to 100% of an individual's adjusted gross income minus his or her deduction for all other charitable contributions. A carryover provision allows the carryover of contributions made in excess of that limitation to subsequent years to be deductible subject to the regular limitations in those years.

The suspension of the limitation applies to individual taxpayer cash contributions in 2020 to certain types of charitable organizations described in the CARES Act and by reference to the Code, such as churches, educational organizations, hospitals, publicly supported charities, U.S. and state government, and certain other organizations described in Code section 170 (b)(1)(A).

#### **CARES Act Section 2206: Nontaxable Employer Payment of Employee Student Loans**

The CARES Act enables employers to provide a student loan repayment benefit to employees on a tax-free basis.

An employer may contribute up to \$5,250 annually toward eligible student loan repayments of an employee's student loans, and such payment would be excluded from the employee's income for federal income tax purposes.

For this purpose, "eligible student loan repayments" are payments by the employer, whether paid to the employee or a lender, of principle or interest on any qualified higher education loan for the education of the employee.

Note: The \$5,250 cap applies to both the new student loan repayment exclusion as well as other educational assistance (e.g. tuition, fees, books) provided by the employer.

This provision applies to any student loan payments made by an employer before January 1, 2021.

## **Business Tax Provisions in the CARES Act**

### **CARES Act Section 2301: Credit Against Employment Taxes for Employers Subject to Closure Due to COVID-19**

The CARES Act provides an “employee retention” refundable tax credit against applicable employment taxes imposed on an employer for 50% of the qualified wages paid by an eligible employer to certain employees during the COVID-19 crisis.

This credit is available to employers, including tax-exempt organizations, whose operations have been fully or partially suspended as a result of a government order limiting commerce, travel, or group meetings and whose gross receipts are reduced due to the COVID-19 crisis.

The applicable employment taxes credit applies only to wages paid after March 12, 2020 and before January 1, 2021.

#### **Advance Payment of Credit by IRS**

The CARES Act provides the IRS with authority to advance payments to eligible employers and to waive applicable penalties for employers who do not deposit applicable employment taxes in anticipation of receiving the applicable employment taxes credit.

#### **Eligible Employers**

An employer must come within stated requirements with respect to effects of the COVID-19 crisis on its business to be allowed the employment taxes credit. Being closed by COVID-19 government order, or having a reduction in gross receipts, as well as the number of employees of an employer, are factors that must be applied to determine if an employer is eligible for the credit.

An “eligible employer” that is allowed the credit is an employer:

- which was carrying on a trade or business during calendar year 2020, and
- COVID-19 has one of the following effects on the employer in a calendar quarter:
  - Government ordered business closure. The operation of the trade or business of the employer is fully or partially suspended during the calendar quarter due to orders from appropriate governmental authority limiting commerce, travel or group meetings due to COVID-19, or
  - Reduced gross receipts. The gross receipts of the employer for a calendar quarter are less than fifty percent (50%) of receipts for the same calendar quarter in the prior year. The period during which reduced gross receipts qualifies the employer for the credit for a calendar quarter ends with the calendar quarter for which gross receipts of the employer are greater than eighty percent (80%) of gross receipts for the same calendar quarter in the prior year.
  - Qualified Wages. The amount of employee wages used to calculate the employee retention applicable employment taxes credit is limited. The “qualified wages” for purposes of the applicable employment taxes credit are:

## **Qualified Wages**

The “qualified wages” for purposes of the applicable employment taxes credit relief is limited and based on size of employer and status of employee, as follows:

- **Employers with greater than 100 employees.** For eligible employers with greater than one hundred (100) employees, “qualified wages” are only those paid only wages paid with respect to which an employee is not providing services (furloughed) in the quarter because of either government ordered closure, or during a period when gross receipts are less than 50% of the amount in the prior year. In other words, the credit is only allowed for wages paid to employees not working.
- **Employers with not greater than 100 Employees.** For employers with not greater than one hundred (100) employees, “qualified wages” are those paid with respect to any employee during a government ordered closure, or paid with respect to an employee during a quarter when gross receipts are less than fifty percent (50%) of the same quarter in the prior year.

Thus, for employers with greater than one hundred (100) average number of full-time employees only the wages of employees who are furloughed or have reduced hours as a result of the employer’s business closure or reduced gross receipts are eligible for the credit; and for employers with an average number of full-time employees not greater than one hundred (100), all employee wages are eligible, regardless of whether the employee is furloughed.

## **Qualified Wages Cap and Reductions**

For purposes of the employee retention applicable employment taxes credit the term "wages" includes so much of the eligible employer's qualified health plan expenses as are properly allocable to such wages. The amount of wages with respect to an employee which may be taken into account by an eligible employer shall not exceed \$10,000.

## **Credit Reduction for Other Credits Allowed**

The applicable employment taxes credit allowed to employers under the CARES Act shall not exceed the applicable employment taxes reduced by any credit allowed under Code section 3111 (e) or (f) and sections 7001 and 7003 of the Families First Coronavirus Response Act (refundable payroll tax credits allowed to employers for the cost of providing Coronavirus-related leave to employees) with respect to the employment of all the employees of the eligible employer in a calendar quarter.

## **Applicable Employment Taxes**

For purposes of the credit the “applicable employment taxes” against which the credit is allowed are the 6.2% old-age, survivors and disability insurance (OASDI or “Social Security”) excise tax imposed on an employer for wages paid to employees under Code section 3111(a), and excise taxes imposed by section 3111(a) of the Code (relating to the Railroad Retirement Act).

**Note: Employers Not Eligible for Credit:** An eligible employer that receives a covered loan under provisions of the Small Business Act under provisions for such a loan added by the CARES Act shall not be eligible for the employment tax credit allowed by the CARES Act.

## **CARES Act Section 2302: Employer Delay of Payment of Employment (Payroll) Taxes**

The CARES Act allows taxpayers to delay payment the employer portion of certain federal employment (payroll) taxes imposed on the employer through the end of 2020.

Employer payment of applicable employment taxes imposed on the employer shall not be due for a payroll deferral period before the applicable date for payment set by the CARES Act.

The “applicable employment taxes” for which payment is delayed are 6.2% Social Security taxes imposed on an employer under Code section 3111(a), such taxes imposed on employee representative for such tax under Code section 3211(a), and excise taxes imposed by section 3221(a) of the Code.

The “payroll tax deferral period” provided under the CARES Act means the period beginning on March 27, 2020, (date of enactment) and ending before January 1, 2021.

The CARES Act requires that the delayed payment of applicable employment taxes be paid over two (2) years.

The “applicable payment date” for delayed payment by an employer means:

- December 31, 2021, with respect to fifty percent (50%) of the amounts of applicable employment taxes for which payment is delayed, and
- December 31, 2022, with respect to the remaining amounts of the applicable employment taxes for which payment is delayed.

The delayed payment is also allowed by the CARES Act for fifty percent (50%) of self-employment tax imposed under Code section 1401(a); and the delay shall apply to estimated tax payments.

Note: The delayed payment of applicable employment taxes does not apply to any taxpayer that has had indebtedness forgiven for a Small Business Administration loan pursuant to provisions of the CARES Act, or indebtedness forgiven under section 1109 of the CARES Act.

### **CARES Act Section 2303: Modification of Net Operating Loss**

#### **Net Operating Loss (NOL) Taxable Income Limitation Temporarily Removed**

Under the Internal Revenue Code as amended by the Tax Cut and Jobs Act, for losses arising in taxable years beginning after December 31, 2017, the net operating loss (NOL) deduction has been limited to eighty percent (80%) of federal taxable income of the taxpayer (determined without regard to the deduction).

The CARES Act temporarily removes this taxable income limitation to allow NOLs to fully offset income of a taxpayer. This change applies to tax years beginning after December 31, 2017, and to tax years beginning on or before December 31, 2017, to which NOLs arising in tax years beginning after December 31, 2017, are carried.

#### **NOL Carryback Modification**

Prior to enactment of the CARES Act most taxpayers no longer had the option to *carryback* an NOL to offset income in prior tax years. For most taxpayers, NOLs arising in tax years ending after 2017 could only be carried forward.

The CARES Act provides that NOLs arising in a tax year beginning after December 31, 2017, and before January 1, 2021 can be carried back to each of the five (5) tax years preceding the tax year of such loss.

#### **CARES Act Section 2304: Noncorporate Taxpayer Loss Limitation on Excess Losses Modified**

Under the Code noncorporate taxpayers can be subject to excess business loss limitations. An excess business loss is the amount by which the total deductions attributable to all of a taxpayer's trades or businesses exceed the taxpayer's total gross income and gains attributable to those trades or businesses plus \$250,000 (or \$500,000 in the case of a joint return). Excess business losses disallowed are treated as an NOL carryover to the following taxable year.

The CARES Act temporarily modifies the loss limitation rule for noncorporate taxpayers so they can deduct excess business losses arising in certain periods

The CARES Act amends Code section 461 (l) to provide that for any taxable year beginning after December 31, 2017, and before January 1, 2026, the limitation relating to excess farm losses of certain taxpayers shall not apply; and to provide that for any taxable year beginning after December 31, 2020, and before January 1, 2026, any excess business loss of the taxpayer for the taxable year shall not be allowed. The effect of this amendment appears to remove application of the excess business loss limitation for business losses occurring for taxable years beginning in 2018, 2019, or 2020.

#### **CARES Act Section 2305: Accelerated Corporate Alternative Minimum Tax Credits**

The corporate alternative minimum tax ("AMT") was repealed as part of the Tax Cuts and Jobs Act, but corporate AMT credits were made available as refundable credits over several years, ending in 2021. The CARES Act accelerates the ability of corporations to recover those AMT credits, permitting corporations to claim a refund now and obtain additional cash flow during the COVID-19 pandemic.

#### **CARES Act Section 2306: Interest Expense Deduction Limit Increased**

The CARES Act temporarily and retroactively increases the limitation on the federal income tax deduction interest expense under Code section 163(j)(1) from 30% to 50% for tax years beginning in 2019 and 2020. A special exception of this provisions applies for partnerships with respect to tax years 2019 and 2020, under Code section 163(j)(10)(A)(ii). The CARES Act provides that a taxpayer may elect not to have the reduction of the limitation apply to any tax year.

#### **CARES Act Section 2307: Bonus Depreciation for Qualified Improvement Property Correction**

The CARES Act provides a technical amendment to the Tax Cuts and Jobs Act, and specifically designates "qualified improvement property" as 15-year property for federal income tax expense deduction purposes. The change reportedly makes "qualified improvement property" a category eligible for 100% bonus depreciation.

#### **CARES Act Section 2205: Increased Charitable Contribution Deduction Limitation for 2020 Cash Contributions**

As mentioned above, the CARES Act provides for increases of limitations on federal income tax deductions for charitable contributions paid in cash during calendar year 2020.

For corporations, the ten percent (10%) of taxable income limitation is increased to twenty-five percent (25%) of taxable income. The limitation on deductions for contributions of food inventory is increased from fifteen percent (15%) percent to twenty-five percent (25%).

**CARES Act Section 2308: Alcohol Excise Tax Temporary Exception for Producing Hand Sanitizer in 2020**

The CARES Act waives the federal excise tax on any distilled spirits used in 2020 for or contained in hand sanitizer that is produced and distributed in a manner consistent with guidance issued by the Food and Drug Administration and is effect.

If you have questions about the CARES Act, and the tax provisions in it, please contact any attorney at GableGotwals you know or those who work in that practice area named below.

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