



ALERT – FEDERAL GOVERNMENT TAKES FISCAL ACTIONS TO REDUCE IMPACT OF COVID-19 ON BUSINESSES

By: Mark Dell’Orfano and Peter Beach

Treasury Secretary Steven Mnuchin announced, during President Trump’s press conference on March 17, 2020, that as part of the federal government’s response to the Coronavirus, the Internal Revenue Service will give filers an additional ninety days to pay income taxes due on up to \$1 million in taxes owed. To qualify for the 90-day automatic extension, returns will still have to be filed by April 15, 2020. The reprieve covers owners of many pass-through entities and small businesses. During the deferral period, taxpayers will not be subject to interest and penalties on taxes due for the 2019 tax year.

Other government relief includes:

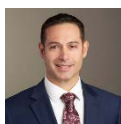
- > The Treasury Department has authorized the Federal Reserve to make available up to \$1 trillion in borrowings, primarily through the unsecured short-term corporate paper markets.
- > The Office of the Comptroller of the Currency is considering relaxing lending rules to get banks to make loans to companies currently at risk, including businesses in the energy, hospitality, and travel sectors.
- > Expanded Small Business Administration authority to make loans available to small businesses and private, non-profit organizations to help alleviate economic injury caused by the Coronavirus. Loans may be used to pay fixed debts, payroll, accounts payable, and other bills, and will carry a 3.75% interest rate for small businesses without credit available elsewhere and a 2.75% interest rate for non-profits. Businesses with credit available elsewhere are not eligible for the expanded SBA emergency loan program.
- > The Administration also pledged to do whatever it takes in terms of financing or regulations to keep the U.S. economy operating, which may also include shortening the operating hours of the public financial markets.
- > On Sunday, the Federal Reserve reduced rates to near-zero in an emergency rate move. It also announced a \$700 billion program to purchase Treasuries and mortgage-backed securities as part of its efforts to inject liquidity into the financial markets.
- > The Federal Housing Finance Agency is working with Fannie Mae and Freddie Mac on developing loan forbearance and other loan delinquency programs designed to limit the impact of COVID-19 on institutions and borrowers.

- > The federal government is considering additional actions to put money directly into consumers' hands, to keep the economy moving.

So far, we have not noticed a measurable down-tick in client activity. Energy deals and financings scheduled to close in March and April remain on track, and we are busy working with our clients in all sectors to accomplish their goals.

Please stay-tuned to Sheehan Phinney's Client Alerts, which we will continue to update as details of state and federal programs relevant to your business interests are announced. For questions or assistance related to our Client Alerts, please feel free to contact the authors directly or any attorney at our firm.

This article is intended to serve as a summary of the issues outlined herein. While it may include some general guidance, it is not intended as, nor is it a substitute for, legal advice.



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