



April 8, 2020

COVID-19 Assistance for Churches and Non-Profits

In response to the COVID-19 outbreak, Congress has passed the Coronavirus Assistance, Relief, and Economic Security (CARES) Act to assist individuals and small businesses across the country. Many of these benefits are available to your church, ministry, or non-profit, as outlined below.

For Church and Non-Profit Employees

Direct Payments to Individuals:

Congress passed a law to provide Americans with direct payments to help individuals and families make it through this difficult time. Benefits include up to \$1,200 per individual and \$500 per child.

Pastors, church employees, and non-profit workers are eligible for these benefits, subject to income requirements. You can calculate your estimated direct payment [here](#) and find more information about the program [here](#).

Unemployment Compensation:

Pastors, ministry staff, and non-profit workers who have lost their jobs are eligible for unemployment benefits under the CARES Act.

Unemployed workers are eligible for both the standard state-level compensation based on previous wages and a federal expansion of benefits. The federal expansion includes a new Federal Pandemic Unemployment Assistance (FPUA) benefit of \$600/week per individual for up to four months, as well as a thirteen-week extension of state benefits.

More information about these benefits and how to apply can be found [here](#).

Loans and Grants for Churches and Non-Profits

As a result of the COVID-19 outbreak, the Treasury Department and the Small Business Administration have loosened restrictions on many of their lending and grant programs to include participation by churches and non-profit organizations.

For the purposes of these programs, **churches are considered 501(c)(3) organizations** and are directed to claim this designation on their SBA application, as long as they meet the following requirements:

- the organization must be organized and operated exclusively for religious, educational, scientific or other charitable purposes;
- net earnings may not inure to the benefit of any private individual or shareholder;
- no substantial part of its activity may be attempting to influence legislation;
- the organization may not intervene in political campaigns; and
- the organization's purposes and activities may not be illegal or violate fundamental public policy.

Note that the entities administering these programs – including the Small Business Administration and lending institutions across the country – are currently facing a significant influx of applications.

Please remain patient as you work through the approval process, and continue to visit the [SBA website](#) for updates on their loan and grant programs.

Additional guidance about church eligibility and participation can be found here: [SBA FAQ re: Faith-Based Organizations](#)

Economic Injury Disaster Loans (EIDLs) and Emergency Grants:

The Economic Injury Disaster Loan (EIDL) and Grant programs are run by the Small Business Administration and are the best opportunity for churches and small businesses to quickly receive financial assistance.

EIDLs are low interest rate loans to cover expenses that could have been met had the disaster not occurred, including payroll to maintain staff and other operating expenses. Interest rates for nonprofits and churches is 2.75%.

Each EIDL application is paired with an emergency grant of up to \$10,000, within three days of the loan application. This grant does not need to be repaid under any circumstance.

For more information about application requirements, visit the [Small Business Administration's application overview](#).

To begin your application, go to the [Small Business Administration's EIDL Portal](#).

Paycheck Protection Program (PPP) Loans:

Under the *CARES Act*, Congress established the Paycheck Protect Program (PPP) to provide business loans to help employers keep their employees on payroll and cover other operating expenses. These loans may be fully forgiven if the organization retains their employees in the upcoming months. While the program is backed by \$350 billion in federal government guarantees, it is carried out by local banks and lenders across the country.

In order to apply, you must reach out to an SBA-approved lending institution to begin the process. A list of lenders can be found here: [SBA-approved lenders](#)

Note that many lenders are having challenges administering the program or may already be hitting their lending cap; this challenge will require patience during the application process. Congress is continuing to work to simply and expand these resources.

For more information about the application process, visit the [Treasury Department's Fact Sheet](#).

Tax Benefits for the Church

Employee Retention Tax Credit:

Employers - including churches and nonprofits - are eligible for a refundable payroll tax credit for 50% of wages paid to certain employees during the COVID-19 crisis, up to \$10,000 in wages and compensation. For employers with 100 or fewer full-time employees, all wages are eligible for the credit. However, wages for services provided by ministers are excluded from qualified wages.

Note: this credit is not available to employers who are utilizing the Paycheck Protection Program.

Payroll Tax Delay:

Employers and self-employed individuals (including pastors) may defer the payment of the employer portion of their payroll tax through the end of 2020. The tax liability can be paid in two installments: 50% due at the end of 2021 and the remaining 50% due at the end of 2022.

Charitable Contributions:

The *CARES Act* allows charitable deductions of up to \$300 to churches and charitable organizations in 2020 regardless of whether donors itemize their deductions or not.

Note: None of this information should be taken as tax advice. This material is for information purposes only.