
Hughes Hubbard & Reed

CARES Act Developments and Newly Proposed Fiscal Stimulus Legislation as of January 8, 2021

Client Advisories

Hughes Hubbard & Reed LLP • A New York Limited Liability Partnership
One Battery Park Plaza • New York, New York 10004-1482 • +1 (212) 837-6000

Attorney advertising. Readers are advised that prior results do not guarantee a similar outcome. No aspect of this advertisement has been approved by the Supreme Court of New Jersey. For information regarding the selection process of awards, please visit <https://www.hugheshubbard.com/legal-notice-methodologies>.

January 8, 2021 – This week the Department of Labor released guidance regarding its enforcement of employers' obligations relating to employee leave under the Families First Coronavirus Response Act; the Treasury Department and Internal Revenue Service released guidance addressing deductibility of eligible expenses relating to Paycheck Protection Program loan forgiveness under the recently-passed federal economic relief package; and federal legislation was introduced addressing pandemic-related scams, federal funds for state and local governments, and deferred mortgage payments.

Regulatory Developments Relating to the Pandemic

Labor Department Issues New Guidance on FFCRA Paid Leave Requirements

On December 31, the U.S. Department of Labor (DOL) announced additional guidance regarding the protections and relief offered by the Families First Coronavirus Response Act (FFCRA). FFCRA's paid sick leave and expanded family and medical leave requirements expired on Dec. 31, 2020. The new guidance addresses whether employees who did not use their leave entitlement under the FFCRA in 2020 may use such leave after Dec. 31, 2020. It also explains how DOL will maintain its enforcement authority over employers' leave responsibilities while the FFCRA's paid leave requirements were in effect, even after these leave entitlements have expired. While the Consolidated Appropriations Act (CAA) of 2021 extended employer tax credits for paid sick leave and expanded family and medical leave voluntarily provided to employees until March 31, 2021, the CAA did not extend employees' entitlement to FFCRA leave beyond Dec. 31, 2020, meaning employers will no longer be legally required to provide such leave.

- [Press release](#)
- [New Guidance FAQ](#)

New Guidance on Deduction of Eligible Expenses Related to Paycheck Protection Program Loan Forgiveness

On January 6, the Treasury Department and the Internal Revenue Service issued new guidance regarding deductions for eligible expenses when such expenses would result (or be expected to result) in the forgiveness of a covered loan under the Paycheck Protection Program (PPP). The guidance reflects changes mandated by provisions of the COVID-related Tax Relief Act of 2020, enacted as part of the Consolidated Appropriations Act of 2021, which was signed into law on December 27, 2020. The COVID-related Tax Relief Act of 2020 amended the Coronavirus Aid, Relief, and Economic Security (CARES) Act to establish that no deduction is denied, no tax attribute is reduced, and no basis increase is denied by reason of the exclusion from gross income of the forgiveness of an eligible recipient's covered loan. This change applies to taxable years ending after March 27, 2020.

- [Press release](#)
- [Revenue Ruling 2021-2](#)

Legislative Proposals

H.R. 6435: Combating Pandemic Scams Act of 2020

On January 5, President Trump signed into law a bill that requires the Federal Trade Commission (FTC) to develop and disseminate information regarding mail, telemarketing, and internet scams related to the COVID-19 pandemic. Under the bill, the FTC must establish a national database for such information and disseminate information on how to report the scams to the appropriate agency. Representative Earl "Buddy" Carter (R-GA) introduced the bill on April 3, 2020.

- [Press release](#)
- [Text of bill](#)

H.R. 199: Direct Support for Communities Act

On January 5, Representatives Antonio Delgado (D-NY) and Lee Zeldin (R-NY) re-introduced bipartisan legislation that would establish a formula for federal COVID-19 funding of local governments, where 50% of funding would go to cities, towns, and villages, and 50% of funding would go to counties. Of the portion allocated to cities, towns, and villages, 70% would go to Community Development Block Grant (CDBG) communities, and the states would decide how to allocate the remaining 30% to non-entitlement communities.

- [Press release](#)

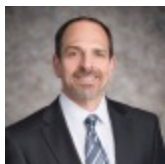
H.R. 152: Ensuring Homeowner and Occupant Monetary Encouragement and Stability (HOMES) Act

On January 4, Representative Bobby Rush (D-IL) introduced legislation that would require that no mortgage payments deferred due to the COVID-19 pandemic become due until the end of the loan, rather than the end of the deferral period.

- [Press release](#)

[Click here to go to our COVID-19 Resource Center for more advisories, articles and other content related to the coronavirus pandemic.](#)

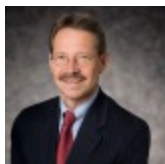
Related People



Philip A. Giordano



Andrew H. Braiterman



Spencer L. Harrison



Alan Kravitz



Alexandra Poe



Charles A. Samuelson

Related Areas of Focus

Corporate

Tax

Employment & Unfair Competition

Employee Benefits & Executive Compensation