

## DC Tax Flash: Phase-Four Relief Package Nearing Release; Payroll Tax Cut Shelved, Mnuchin Says

Tax Alert  
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Treasury Sec. Steve Mnuchin today said that the emerging phase-four coronavirus relief bill will not include a payroll tax holiday, "but we're going to come back again," he said, adding, "there may be a CARES 5.0."

Sec. Mnuchin said the package will extend unemployment benefits at a rate below the CARES Act "based on approximately 70 percent wage replacement." That could translate into a reduction of the current soon-to-expire \$600 bonus payment with a bonus of about \$100 or more.

[According to CNN](#), the emerging package is likely to include the following:

- Second round of direct payments;
- Some form of an extension, at a reduced rate, to the federal enhanced unemployment benefit;
- Second round of Paycheck Protection Program loans, targeted toward the hardest hit small businesses based on lost revenue and expanded to include more flexibility to forgive money used for operational and supplier costs;
- \$105 billion in education funds, split as \$70 billion for K-12, \$30 billion for colleges/universities, \$5 billion for governors to utilize;
- \$16 billion in new funds for state testing grants, plus an administration commitment to designate \$9 billion in unused funds from the CARES Act (making the total \$25 billion);
- \$26 billion for vaccine research and distribution;
- \$15.5 billion for NIH;
- Increased flexibility and time window for states to utilize initial CARES Act funds, but no explicit new funds;
- Liability protections to create a safe harbor for businesses, schools, health care providers and non-profits;
- Enhanced employee retention tax credit;
- Deductions for employer purchases of testing, personal protective equipment and other supplies; and
- Increase in business meal deduction to 100 percent, from 50 percent.

Sec. Mnuchin said "a fundamental agreement between the White House and the Republicans in the Senate" is at hand on the phase-four package, though details are still being hammered out. It will reportedly be released as several independent bills/proposals grouped by policy goals, setting the stage for negotiations with Democrats in Congress.

In May, the House approved a phase-four relief bill by passing the [\\$3.4 trillion HEROES Act](#). Senate Republicans are reportedly aiming for a bill in the cost range of \$1 trillion.

More details on the package could be released today or later in the week.

## **Miller & Chevalier Coronavirus Task Force**

The outbreak of COVID-19 is creating significant business and legal challenges for companies throughout the world. In response to client demand, the firm has formed an interdisciplinary task force to help businesses navigate these issues.

## **COVID-19 Resource Library**

We also maintain a resource library of [legislative responses](#) and [regulatory guidance](#) related to COVID-19.

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