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Legislative Update: Senator Wyden introduces small business bill (COVID-19)

U.S. Senate Finance Committee ranking member Ron Wyden (D-OR), along with Senator Ben Cardin (D-MD), today unveiled a draft bill entitled “Save America’s Main Street Act.” The bill contains a number of proposals that may reflect priorities of some Senate Democrats as negotiations continue with Senate Republicans to potentially craft a bill—widely referred to as “Phase 3”—to address concerns raised by the coronavirus (COVID-19) pandemic.

The proposed bill (text is available on a Finance Committee [release](#)), contains provisions that would:

- Create a small business rebate against income tax equal to 30% of the prior tax year’s gross income with a maximum rebate of \$75,000. To qualify for the rebate, a small businesses must have gross receipts not exceeding \$1 million (measured by average annual gross receipts for the three prior tax years), no more than 50 full time employees, and conduct a trade or business within the United States. The provision would also apply to qualifying tax-exempt organizations.
- Allow a delay of payment of estimated federal taxes for certain sole proprietors that meet qualifying employee limitations (generally less than 500 full-time equivalent employees) and income limitations (generally gross income of less than \$250,000/\$500,000). If qualified under the provision, taxpayers would be allowed to make only two installments payments which would be payable on September 15, 2020, and January 15, 2021. The provision also would adjust the required annual payment to 75%.
- Create a refundable employee retention credit for employers impacted by COVID-19. The credit generally would equal 50% of an employee’s wages with a maximum credit amount of \$7,500 per employee. The provision would apply to certain businesses with fewer than 500 employees located in a “qualified coronavirus disaster zone” and that are required to close due to a directive by a federal, state or local authority or to a lack of available employees due to a public health emergency. An employer may also qualify for the credit if the gross receipts for any qualifying 30-day period in the calendar year is more than 25% less than the gross receipts for the corresponding 30-day period during the previous year.

A bill was released by Senate Republican leadership yesterday. Read [TaxNewsFlash](#)

What's next?

Senate Republican Leader Mitch McConnell and Senate Democratic Leader Chuck Schumer have both indicated that negotiations will take place today and likely into the weekend in an attempt to develop a Phase 3 bill that will be able to pass the Senate. If a Senate bill is approved, that bill will also need to be approved by the House and then signed by the president before it would become law.

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