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We are all making sense of the [four new executive orders](#) President Trump issued over the weekend. The president's action comes as approximately 30 million unemployed Americans anxiously await a decision on the next package of pandemic economic assistance.

With no progress in sight from lawmakers, Trump signed an executive order and issued three memoranda on August 8, said to provide economic relief amidst the pandemic-induced recession our country finds itself in. So what are the details you need to know specifically about tax implications, and why are critics questioning the legality of the president's actions? Here is a breakdown of Trump's four executive powers:

- An extension of the federal unemployment supplement at a reduced rate of \$400 per week
- A payroll tax deferral through the end of 2020 for Americans earning less than \$100,000
- Extended student loan relief through the end of 2020
- A call for federal agency leaders to try to find funds to help curb evictions

\$400 Supplemental Unemployment: The president's order calls for up to \$400 unemployment benefit payments each week, compared with the \$600 that people were receiving. Trump said states would cover 25% of this money even as many are dealing with major budget shortfalls. The president is seeking to use leftover FEMA funds to pay unemployment benefits.

"I am directing up to \$44 billion from the [Disaster Relief Fund]," Trump's memorandum says.

As recently as Sunday night the president said states could apply to have the federal government provide all or part of the \$400 payments. He said decisions will be made on a state-by-state basis.

Because the Constitution gives Congress control over federal spending as opposed to the president, this executive action raises some legal red flags.

Payroll Tax Deferral: Trump said the employee portion of the payroll tax would be deferred from Aug. 1 through the end of the year, and he entertained the possibility of making it permanent, though experts said he lacks that authority.

This announcement applies to anyone making less than \$4,000 every two weeks. People who fall in this category will receive more money in their paychecks because the government won't pull out money for social security and Medicare. That money, however, will still be due at a later time. As you can imagine, this complicates things for business owners and employees alike. If a person's income increases, their tax liability could also change, which could affect how much employers should withhold from checks. The temporary deferral would not directly aid unemployed workers, who do not pay the tax when they are jobless. Without an act of Congress, employees would eventually need to repay the federal government.

Student Load Relief: Trump has asked the Education Department to extend student loan relief from the CARES Act through the end of the year. In March, the Trump administration took action to provide relief to tens of millions of student loan borrowers during the pandemic by suspending loan payments and temporarily setting interest rates to 0 percent. That relief was set to expire in September, so this memorandum would allow student loan borrowers to continue deferring until the end of 2020.

Curbing Evictions: For homeowners and renters struggling to make rent or mortgage payments, Trump signed an order asking federal agencies to further assist renters and lawmakers. It also directs the departments of the Treasury and Housing and Urban Development to identify money that could help those struggling, but it won't necessarily prevent evictions.

Of the \$3.7 trillion Congress has authorized for the coronavirus response, there is still \$1.5 trillion yet to be spent or committed, according to an analysis from the [Committee for a Responsible Federal Budget](#). Still, the White House has limited authority to redirect the unused money without Congress's approval.

Both the White House and congressional Democrats indicated Sunday they wanted to resume negotiations, but no talks were scheduled.

If talks resume, the legislation could go to a vote this week. Both chambers must vote before the legislation lands on Trump's desk for his signature. If a deal is reached in the coming weeks, it's possible that the president's executive action will be void.

As always, our entire professional staff at RBT is committed to helping you navigate these confusing and challenging times. Do not hesitate to reach out to talk with our team about what the best course of action is for you and your small business. Please stay tuned for a deeper dive into the topics we covered here in the coming days and weeks.

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