

# CARES Act considerations: Private Equity funds and portfolio companies

March 31, 2020



**EY**

Building a better  
working world



# Background

The Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”, or the “Act”) is a \$2 trillion legislative package signed into law on March 27, 2020, aimed at providing the health care resources needed to fight COVID-19 and preventing a severe economic downturn through various measures, including by providing financial aid to American families and economic stimulus to significantly impacted sectors.

We highlight below certain CARES Act considerations that Private Equity (“PE”) funds and their portfolio companies may wish to consider, although we stress that several key details of the Act will be determined in the following days, as various government authorities issue follow-up guidance and regulations.

**In this EY summary, we primarily address the following aspects of the CARES Act from a commercial perspective:**

1. **Title I** – Small Business Administration Loans (“SBA”) and Loan Forgiveness
2. **Title II** – Business provisions related to (among others) Employee Retention Credits and Payroll Tax Deferrals
3. **Title IV** – The Economic Stabilization Fund, including the Direct Lending Program from the Treasury Department and Federal Reserve Lending Programs

We do not address Title III herein (among other portions of the CARES Act) related to increased funding and other support for the healthcare and education sectors. Additionally, we refer readers to a separate EY summary that addresses key Tax Cuts and Jobs Act of 2017 (“TCJA”) roll-back provisions in the CARES Act in more detail. Finally, the following is intended for informational purposes only and is not legal, tax or other advice.

# Executive summary

- ▶ The Act has several, key tax relief measures relevant to Private Equity funds and their portfolio companies including: 1) 5-year net operating loss (“NOL”) carrybacks with no taxable income limitation, 2) relaxation of the limitations on interest deductions, 3) modification of excess business loss rules, 4) qualified improvement property (“QIP”) eligible for bonus depreciation, 5) acceleration of alternative minimum tax credits (and related quick tax refunds), and 6) indirect tax measures, including employee retention tax credits and deferral of payroll tax, all of which present potential cash tax benefits and/or refund opportunities.
- ▶ Corporate tax provisions in the Act will provide a direct cash tax benefit for levered PE portfolio companies by temporarily increasing the limitation on interest expense and resulting in increased, deductible interest expense for tax years 2019 and 2020. **Therefore, the Act should generally provide a direct cash tax benefit of an incremental amount of the interest expense paid during such taxable periods.**
- ▶ The NOL provisions enacted as part of the 2017 TCJA have changed to potentially allow NOLs to be carried back to prior tax years, thereby enhancing the ability to monetize these tax attributes and create more liquidity for portfolio companies with losses. **The retroactive application to any NOLs recognized in the 2018 and 2019 tax years, along with a 5-year carry-back, may allow these losses to be recognized at lower current tax rates (e.g., 21 percent federal tax rate) to offset taxes previously paid at higher cash tax rates (e.g., past 35 percent federal tax rate).**
- ▶ Title I of the Act expands certain SBA loans in terms of the amount (up to \$10m), government guarantees and the size of businesses that qualify for such loans. In addition, certain existing SBA loans may be forgiven. **The affiliation rules of the SBA will generally preclude many Private Equity portfolio companies from qualifying for SBA loans due to their employee count, which typically require the aggregation of all companies under common control.** The Act provides a waiver for accommodation and food service businesses with 500 or fewer employees per physical location and certain franchise businesses, **potentially permitting sector specific portfolio companies to qualify for SBA loans.**
- ▶ Provided that certain conditions are met, Title II of the Act provides for indirect tax benefits to employers of any size, including:
  - ▶ Employee retention tax credits are limited to those businesses that were fully or partially suspended as a result of a government order, or experienced a gross receipts decline by more than 50 percent when compared to the same quarter in the prior year. **The maximum credit per employee is \$5,000 and is provided for wages paid or incurred from March 13, 2020 through December 31, 2020.** If a business has more than 100 employees, the credit is available only for wages paid to employees who are not performing services. Title II also has aggregation provisions for determining the 100 employee threshold and the gross receipts tests; however, unlike Title I, the Title II aggregation test is based on existing tax rules and Private Equity funds may have already analyzed whether these rules require aggregation of all portfolio companies for other tax purposes (e.g., interest deduction limitations and retirement plan rules). **Therefore, this is a key provision that may provide a cash tax benefit to Private Equity and their portfolio companies.**

- 
- ▶ The Act allows employers to defer paying their portion of the social security payroll tax between March 27, 2020 and December 31, 2020. Amounts will ultimately be paid in two installments - (1) half will be due by December 31, 2021; and (2) the remaining half will be due by December 31, 2022. **This is a key provision available to Private Equity and their portfolio companies.**
  - ▶ **The Act also outlines Family Leave Credits that can be as much as \$10,000 per employee for paid family leave and \$5,110 per employee for sick leave.** Portfolio companies will need to be treated as a separate business under the related “integrated employer” guidance to take advantage of these credits (under the Family and Medical Leave Act of 1993), so we recommend consulting with tax and legal advisors in making this determination.
  - ▶ Title IV establishes the Economic Stabilization Fund (ESF) of \$500b to provide loans, loan guarantees and other investments to eligible businesses who have incurred or are expected to incur losses because of the COVID-19 crisis. Organizations must meet eligibility requirements and adhere to restrictions to receive support from the ESF, the most significant of which are: (i) US incorporated and maintain significant operations and employment within the US, (ii) restrictions on stock buybacks, the payment of dividends or distribution of capital, and compensation for certain employees or officers, and (iii) employment retention requirements through September 30, 2020. **The benefit of potential loans under Title IV need to be weighed against these corresponding restrictions, which may impact a company’s ability to adjust its business model for the period the loan is in effect and for up to two years after the loan is repaid, along with the compliance burden to enable government oversight.**
- 
- ▶ **Private Equity and their portfolios need to carefully analyze the benefits available, as applying for benefits under one part of the Act may restrict the ability to apply for relief under other sections of the Act.** We currently understand that utilizing SBA loans under Title I will preclude a company from the Employee Retention Credit under Title II, and vice-versa. Also, the Payroll Tax Deferral under Title II is not available if an SBA loan under Title I is forgiven.
  - ▶ **Finally, we understand that the timing for loans is still being considered, but that SBA loans available under Title I may be available as soon as Friday, April 3, 2020. Loans under Title IV may take several weeks to determine and outline the application process, with funding following the application process.**

---

## Additional Details of Key Tax Relief Measures

The Act has several key business tax relief measures which present potential cash tax benefits and/or refund opportunities for funds and their portfolio companies. The Act also includes individual and retirement relief tax measures. Below is a summary of the key business tax benefits of the Act, which are addressed in detail by a separate EY Summary of CARES Act Tax Provisions.

***NOL taxable income limitation:*** Taxpayers should be able to use NOLs to offset income without the 80 percent taxable income limitation enacted as part of the TCJA for tax year 2020 and to carry back NOLs to offset prior year income for 5 years. These are temporary provisions that apply to NOLs incurred in the 2018, 2019, or 2020 tax years. For tax years after 2020, the 80 percent taxable income limitation is reinstated with modifications that increase taxable income by a taxpayer's deductions.

***Business Interest Expense Deduction:*** In general, taxpayers should be able to deduct more interest expense because the limitation on the interest deductions based on 30 percent of adjusted taxable income ("ATI") (e.g., akin to 30 percent of EBITDA) under the TCJA will be increased temporarily for 2019 and 2020 to 50 percent of a taxpayer's ATI. In addition, taxpayers, may elect to use the ATI for its taxable year beginning in 2019 as the ATI for its taxable year beginning in 2020. The optionality is important given the expected decrease in earnings resulting from the COVID-19 pandemic. Although the increase in the ATI base and the related business interest expense deduction for taxpayers in 2019 should be helpful, it may not be that beneficial for PE funds and portfolio companies in 2020 given their cash tax perspective. There are also special rules for partnerships, as well "elect out" provisions, which should be discussed with your tax advisor.

***Bonus depreciation:*** Taxpayers that make and have made qualified improvements to their facilities may be eligible for bonus depreciation (i.e., currently 100 percent) and deduct those costs immediately, instead of depreciating those costs over a 39-year life as a correction to the statutory language enacted by the TCJA (effective as of the enactment of the TCJA). This provision offers potential cash tax savings for Private Equity backed portfolio companies, potential targets, as well as management companies, and portfolio companies that may have refund opportunities for tax years 2018 and 2019.

***Alternative Minimum Tax ("AMT") credits:*** Taxpayers with AMT credits may claim a refund for the entire amount of the credit in 2018 instead of recovering the credit through refunds over a period of years. Taxpayers would file IRS Form 1139 via a "quickie refund" procedure prior to the end of the 2020 calendar year to claim this credit. PE backed portfolio companies should consider whether, depending on the applicable facts and circumstances, there could be an opportunity to obtain a refund.

***Excess Business Loss Rules Delayed:*** The TCJA excess business loss rules no longer apply to tax years 2018, 2019 and 2020, and partners in Private Equity funds may be eligible to claim a refund for such years.

It will be important for Private Equity funds and their portfolio companies to quickly model different scenarios for tax year 2019 and prior tax years, including the potential interplay with other domestic and international tax provisions, to understand the cash tax impact of potential NOL carrybacks and analyze related tax refund opportunities.

In addition, to the tax modelling and tax reporting considerations, companies should consider the income tax accounting implications of these changes (e.g., both current and deferred tax) that will need to be analyzed for Q1 2020 financial statements.

# Title I – Keeping American Workers Paid and Employed Act

## ***Small Business Administration loans (\$350b):***

Provides no-fee small business loan assistance under the new Paycheck Protection Program (“PPP”), specifically from lenders enrolled in the SBA’s 7(a) loan program, to certain covered businesses that have fewer than 500 employees, or the applicable size standard for the industry as provided by SBA, for expenses incurred between February 15, 2020 and June 30, 2020. Broadly, loans can be up to 2.5x the borrower’s average monthly payroll cost for the trailing twelve months, subject to a \$10m borrowing cap. Existing affiliation rules apply in determining the employee count, subject to exceptions applicable to certain food service and accommodation businesses and franchises. The Act provides authority to add additional lenders to effectuate these loans as determined by the SBA Administrator and Secretary of the Treasury.

Eligible borrowers are required to make a good faith certification that they have been impacted by COVID-19. Allowable uses of a loan include payroll support, such as employee salaries, paid sick or medical leave, insurance premiums, utilities, rent and mortgage payments, and interest on any other debt obligations.

## ***Loan forgiveness and payment deferral:***

Borrowers may be eligible for loan deferment for six months to one year. Loan forgiveness is permitted equal to the amount spent on payroll, interest expense on mortgages, rent and utilities during the eight-week period following the loan origination. Loan forgiveness is proportionally reduced by (i) the number of layoffs and (ii) reductions in wages during the covered period in excess of 25 percent of the total salary or wages of any employee during the most recent full quarter during which the employee was employed (before the start of the 8-week forgiveness period). Therefore, companies will need to consider any potential layoffs when considering this benefit. Also, the wage reduction test does not apply to employees that received annualized rate of pay in an amount more than \$100,000 during any pay period in 2019.

***Loan forgiveness not taxable income:*** Loans that are forgiven under Title I of the Act shall not be considered taxable gross income.

**Private Equity Considerations**

As discussed above, SBA loans are potentially forgivable over time, subject to the formula above.

SBA rules (as outlined in Section 121.103 of Title 13 of the Code of Federal Regulations) require businesses to include the employee headcount of entities affiliated with the borrower, which may mean all or most companies controlled by Private Equity funds are evaluated on a combined basis (which could result in the business exceeding the 500-employee limit).

However, it is currently unclear if the CARES Act will apply this standard consistently with prior interpretation, or if the SBA will issue additional guidance on applying the affiliation rules for the CARES Act. Under the current SBA guidance, control is generally indicated by the ability to control 50 percent or more of voting stock, or large ownership compared to other individually minor owners. Similar to accounting guidance for control, the determination of control under the SBA principles involves subjective judgement and can be impacted by several factors, including participative, kick-out or certain protective rights that may indicate control over an entity.

Regulations on this affiliate requirement may be waived for the covered period for business concerns related to accommodation and food service businesses (defined in Sector 72 under the North American Industry Classification Systems) with 500 or fewer employees per physical location and franchise businesses with SBA franchisor identifier codes. Private Equity owned businesses that meet these criteria may be evaluated separately of the aggregated employee count and may be eligible to qualify for these SBA loans.

Utilizing the provisions available in Title I preclude organizations from utilizing the employee retention tax credit (under Title II). Further, if the loan is forgiven under Title I, then the employer tax deferral provision (under Title II) is also precluded.

Finally, additional guidance issued by various government authorities will outline the exact process and timing of applying for these SBA loans, which are not defined in the Act. Timing in the applying for the SBA loan could be critical given that §350b is designated under Title I and the number of businesses that could apply may be expansive. Furthermore, this forthcoming guidance, as well as the actual enforcement of the SBA affiliation definition, may broaden the number of companies that can benefit from Title I of the Act.

# Title II – Assistance for American Workers, Families, and Businesses (and other guidance)

**Employee Retention Credits:** The law provides a refundable payroll tax credit for 50 percent of qualified wages paid by eligible employers to employees (up to \$10,000) during the COVID-19 crisis and applies to employers of any size. The credit is available to employers whose (1) operations were fully or partially suspended due to a COVID-19-related government shut-down order, or (2) gross receipts declined by more than 50 percent when compared to the same calendar quarter in the prior year.

- ▶ Under the gross receipts test, the employer is eligible beginning with the first calendar quarter in 2020 in which gross receipts decline by at least 50 percent as compared to the same calendar quarter in 2019 through the calendar quarter in which gross receipts exceed 80 percent of gross receipts for the same calendar quarter in 2019.
- ▶ For employers with more than 100 full-time employees, qualified wages include wages paid to employees when they are not providing services due to the COVID-19-related circumstances described above.
- ▶ For eligible employers with 100 or fewer full-time employees, provided there is a full or partial suspension due to a COVID-19-related shutdown order or a gross receipts decline, all employee wages qualify for the credit without regard to whether the employee is providing services.
- ▶ Qualified wages also include qualified health plan expenses allocated to such wages. Qualified wages do not include wages taken into account for purposes of the Section 45S credit

or the paid sick and paid family leave credits provided by the Families First Coronavirus Response Act (“FFCR”), as well as all wages of an employee for whom a work opportunity tax credit (“WOTC”) is claimed.

- ▶ The 50 percent credit is provided for the first \$10,000 of wages, including health benefits, paid to an eligible employee. Thus, the maximum credit per eligible employee is \$5,000. The credit is provided for wages paid or incurred after March 12, 2020 through no later than December 31, 2020.
- ▶ Employers receiving a covered loan (section 1102 of the Act - as discussed above in Title I) shall not be eligible for the credit under this provision.

**Payroll Tax Deferral:** The CARES Act allows employers (and self-employed individuals) to defer paying their employer portion of the social security payroll tax (6.2 percent) otherwise due. The deferral period will start as soon as the CARES Act is enacted (March 27, 2020) and runs through December 31, 2020. The amounts will ultimately be paid to Treasury in two installments - (1) half will be due by December 31, 2021; (2) the remaining half will be due by December 31, 2022. Importantly, this benefit is not available to taxpayers that had an SBA loan forgiven as part of the PPP (under Title I). The Social Security Trust Fund will be held harmless by way of transfers from the general fund, as if the payroll tax payments were never deferred.

**Family Leave Credits:** The Families First Coronavirus Response Act (enacted on March 18, 2020) requires employers with fewer than 500 employees to offer paid sick and paid family leave, which was changed under Title III of the CARES Act. The Family Medical Leave Expansion Act requires businesses with fewer than 500 employees to provide 12 weeks of family leave if they are unable to work because of a school closure or child care provider closure (paid leave after the first 10 days), with a cap of \$200 per day and \$10,000 in the aggregate per employee. The Emergency Paid Sick Leave requires businesses with fewer than 500 employees to provide up to 80 hours of paid sick leave, subject to a cap of \$511 per day and \$5,110 in the aggregate per employee for paid sick leave (\$200 cap per day and \$2,000 cap in the aggregate per employee if an employee is taking care of a child or a quarantined individual).

Businesses may offset the amounts paid under the leave provisions against the employer's contribution for social security (the IRS will establish procedures to apply for refunds if the benefits exceed the social security contribution). These leave credits are also subject to aggregation rules using an "integrated employer" test under the Family and Medical Leave Act of 1993 ("FMLA"). The "integrated employer" guidance may indicate that portfolio companies of a Private Equity fund may qualify to be treated as separate businesses, which would allow them to take advantage of these credits. We recommend consulting with tax and legal advisors in determining if a company can be treated as a separate business.

The combination of the above credits will allow employers to reduce this year's Social Security tax and defer any remaining liability to 2021 and 2022. Employers will need to consider whether they intend to avail themselves of the SBA loans made available through the Paycheck Protection Program under the CARES Act. These loan programs will affect the employer's ability to use the payroll tax deferral and the retention credits.

#### **Private Equity Considerations**

- A. *For purposes of the employee retention credit, Private Equity funds should analyze whether portfolio companies need to be aggregated per sections 52(a) and (b), 414(m) and (o), and 448(c) of the Code in determining the definition of qualified wages and analyzing gross receipts (i.e., as opposed to analysis at the individual portfolio company level). While portfolio companies may individually qualify for the credit if they fully or partially suspend operations due to a government order, the gross receipts test may be more difficult to satisfy if the fund is required to aggregate gross receipts across all or portions of the portfolio.*
- B. *The gross receipts measurement outlined in the Employee Retention Credit, which is a comparison to the same quarter in the prior year, may limit the potential benefit for the first quarter of 2020, as COVID-19 primarily impacted businesses starting in March 2020.*
- C. *As the Act is currently written, and until further guidance is provided, an eligible employer is one with operations fully or partially suspended by government orders issued in response to COVID-19 or has suffered a significant decline*

(more than 50 percent decrease year-over-year) in gross receipts. To determine eligibility for and the amount of the credit, employers will need to track the effective begin and end dates of all Federal, state, and local government shut down orders and the decline in gross receipts will need to be measured each calendar quarter beginning with the quarter in which gross receipts declined by more than 50 percent and ending with the quarter in which gross receipts exceed 80 percent.

**D. Family Leave Credits:** As discussed above, the “integrated employer” guidance may indicate that portfolio companies of a Private Equity fund may qualify to be treated as separate businesses, which would allow them to take advantage of these credits (as much as \$10,000 per an employee for paid family leave and \$5,110 per an employee for sick leave).

**E. State Unemployment Tax Cost Management Strategies:** Employers that have or will experience layoffs, furloughs, or hour reductions should consider state unemployment tax cost management to reduce short-term compensation expenses, improve program efficiency and effectiveness, and minimize the impact to current and future state unemployment tax rates. Such strategies may include, but are not limited to, the following: (1) supplemental unemployment benefit (SUB) plans, (2) state workshare programs, (3) federal unemployment benefit eligibility, (4) partial unemployment benefit eligibility, (5) appropriate COVID-19 claim classification, and (6) increased attention to overall tracking and response times.

**F. Furlough v. Termination:** Unfortunately, many employers are having to make the difficult decision to either furlough or terminate employees. There are many practical

implications to consider, including, but not limited to: (1) employee experience / morale, (2) retention rate / hiring costs, (3) impact to health plan and other benefit eligibility, (4) impact to WOTC and other employee-based tax credits, (5) impact to mandatory paid leave requirements, and (6) impact to the funding of employee payroll deductions. The Act is incentivizing employers of more than 100 employees to reduce schedules (although paying for the unworked hours) to generate wages that qualify for the credit.

**G. §139 Disaster Relief Payments:** Employers that provide disaster relief payments (i.e., living expenses, temporary housing, medical expenses, etc.) to current or former employees must consider whether such relief is taxable for federal and state employment tax purposes. If the conditions set forth in IRC §139 are satisfied, the relief payment is very advantageous from both a business income tax and individual income tax perspective.

**H. Teleworker Issues:** Employers that either permit or require teleworking will likely have several issues to consider, including, but not limited to, the following:

**a. Employer Provided Office Supplies:** The employer must determine if employer provided office supplies are taxable for federal and state employment tax purposes. Additionally, the employer must ensure that the accountable plan and substantiation requirements are fully satisfied.

**b. Employer Provided Child Care:** The employer must determine if employer provided child care is taxable for federal and state employment tax purposes. Additionally, the employer must determine and comply with documentation requirements.

***I. Additional Withholding Requirements:***

*Most state payroll taxes are sourced to the state where the underlying services are performed. Due to state or employer “work from home” mandates, many employees find themselves performing services in an entirely new location. Employers should determine if and how this potential change impacts their state payroll tax reporting and/or withholding requirements.*

***J. Employment Tax Business Continuity Planning:***

*Given our current environment, employers should review their disaster recovery plans and backups specific to payroll and employment taxes. Many taxing agencies are giving extensions for tax payments and/or tax returns but there are many inconsistencies across the jurisdictions and also vary by tax type (withholding vs. unemployment). Ensuring your businesses can maintain compliance with the federal, state and local taxing jurisdictions in our current environment in the weeks and months ahead should be a top priority.*

# Title IV – Economic Stabilization and Assistance to Severely Distressed Sectors of the United States Economy

Title IV establishes the Economic Stabilization Fund (ESF) of \$500b to provide loans, loan guarantees and other investments to eligible businesses that have incurred or are expected to incur losses due to the COVID-19 crisis.

**Direct lending from the Treasury:** Includes \$25b for loans and guarantees to passenger air carriers and related companies, \$4b for loans and guarantees for cargo carriers and \$17b for loans and guarantees for businesses critical to national security. Borrowers must meet certain, restrictive criteria, including (i) credit not reasonably being available at the time of the transaction, (ii) the loan is sufficiently secured or is made at a rate that reflects the corresponding risk, (iii) during the loan and 12 months thereafter, no share buybacks or dividends are permitted, (iv) maintain no less than 90 percent of its March 24, 2020 workforce through September 30, 2020, (v) is created or organized in the United States or under the laws of the United States and has significant operations in and a majority of its employees based in the United States and (vi) the loan cannot be forgiven. Additional restrictions are present related to executive compensation (see below). The term of the loan is to be no longer than five years.

**Federal Reserve Lending Programs and Facilities:** \$454b for loans, guarantees and other investments in programs or facilities established in support of the Federal Reserve's lending system to eligible businesses, states and municipalities.

Businesses must agree to certain restrictive covenants, including:

(i) No share buybacks or dividends during the loan and 12 months thereafter and

(ii) Compliance with executive compensation restrictions (see below).

Under the Act, Treasury will endeavor to implement a program specific to eligible businesses with between 500 and 10,000 employees with annualized interest not higher than 2 percent and no principal or interest payments for at least the first six months after the loan is made. Conditions of these loans include:

(i) Uncertainty of economic conditions make the loan necessary to support ongoing operations;

(ii) The funds received will be used to retain at least 90 percent of the borrower's workforce (that existed at Feb 1, 2020) at full compensation and benefits through September 30, 2020;

(iii) The borrower will restore not less than 90 percent of the workforce that existed as of February 1, 2020 and to restore all compensation and benefits to the workers of the borrower no later than four months after the termination date of the public health emergency (declared on January 31, 2020 by the Secretary of Health and Human Services);

(iv) The borrower is not already a debtor in a bankruptcy proceeding;

(v) The borrower will not pay dividends and engage in buybacks while the loan is outstanding;

(vi) The borrower will not offshore jobs for the term of the loans and two years after repayment;

(vii) The borrower will not abrogate existing collective bargaining agreements;

(viii) The borrower is domiciled in the United States, created or organized in the United States or under the laws of the United States and has significant operations in and a majority of its employees based in the United States; and

(ix) The loan cannot be forgiven.

**Compensation limitations:** Loans and loan guarantees from the \$500b ESF are contingent on businesses adhering to certain restrictions on compensation for highly compensated individuals. During the term of the loan and for twelve months after, any officer or employee of an eligible business who received total compensation (as defined in the Act) over \$425,000 in 2019 cannot receive total compensation during any twelve-month period during the loan or twelve months after that exceeds the amount in 2019 or termination benefits that exceeds two times 2019 compensation. In addition, any officer or employee who received total compensation in excess of \$3m in 2019 may not receive more than \$3m plus 50 percent of the excess over \$3m received in 2019.

### **Private Equity Considerations**

*Unlike Title I SBA loans, that are potentially forgivable, the Title IV loans require repayment.*

*Also, the restrictions on the loans, loan guarantees and other investments may impact a company's ability (or that of their sponsor) to adjust its business model for the period of time the loan is in effect and for up to two years after the loan is repaid.*

*In our experience from the 2008 financial crisis, government support comes with significant requirements, some of which were not known to recipients at the outset, including (i) meeting and demonstrating compliance with the government requirements, (ii) granting the government access to sensitive information, (iii) modifying operations and policies/ procedures (e.g., T&E) and (iv) establishing reporting to enable government oversight.*

*Finally, we highlight that if a company has reduced its workforce prior to passage of the Act, but wants to apply for Title IV loans, the company can restore 90 percent of the employees by no later than May 31, 2020 (four months after January 31, 2020).*

# Contacts

EY has dedicated contacts leading responses to issues related to COVID-19 and the CARES Act for Private Equity

## Bill Stoffel

*EY Americas PE Leader*

+1 212.773.3141

[william.stoffel@ey.com](mailto:william.stoffel@ey.com)

## Chris Le Roy

*EY East Region PE Leader*

+1 212.773.5496

[chris.leroy@ey.com](mailto:chris.leroy@ey.com)

## Matt Udoni

*EY Central Region PE Leader*

+1 312.879.2478

[matthew.udoni@ey.com](mailto:matthew.udoni@ey.com)

## Mark Olsen

*EY West Region PE Leader*

+1 415.894.8348

[mark.olsen@ey.com](mailto:mark.olsen@ey.com)

## Mike Lo Parrino

*EY Americas FSO PE Assurance Leader*

+ 1 212.773.2753

[michael.loparrino@ey.com](mailto:michael.loparrino@ey.com)

EY | Assurance | Tax | Transactions | Advisory

### About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via [ey.com/privacy](http://ey.com/privacy). For more information about our organization, please visit [ey.com](http://ey.com).

Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US.

© 2020 Ernst & Young LLP.  
All Rights Reserved.

2003-3462655

ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax or other professional advice. Please refer to your advisors for specific advice.

[ey.com](http://ey.com)