

The **Families First Coronavirus Response Act** and the **Coronavirus Aid, Relief, and Economic Security Act (CARES) Act** provide [benefits](#) to self-employed individuals, independent contractors, “gig economy” employees, and individuals who were unable to start a new job or contract due to the pandemic.

### Credit Against Self-Employment Tax

- Self-employed workers and independent contractors can claim a credit against their self-employment taxes for missed work if they otherwise would have been eligible for family medical leave or paid sick leave had they worked for someone else.
- For the family leave credit, self-employed individuals can receive a credit of either \$200 per day or 67% of their average daily self-employment income, whichever is less, for up to 50 days (maximum of \$10,000).
- For the paid sick leave credit, the credit is the lesser of \$511/day or the average daily self-employment income. It is available for up to 10 days (maximum \$5,110).
  - Average daily self-employment income is equal to the net earnings from self-employment for the taxable year divided by 260.
- Self-employed individuals must maintain documentation to support their eligibility for the credits, as outlined by the Secretary of Treasury.

### Paycheck Protection Program

- The CARES Act provides \$349 billion in assistance through federally guaranteed loans to small businesses of 500 employees or less.
- Independent contractors and other self-employed individuals, i.e. gig workers and freelancers, are eligible for this program.
- Loans can contribute to general business purposes, such as payroll costs, mortgage and rent payments, and utility payments; as well as:
  - payment for vacation, parental, family, medical, or sick leave;
  - severance payments;
  - payment for group health care benefits;
  - or payment of retirement benefits.
- The maximum loan amount is either \$10 million or two-and-a-half months’ payroll, whichever is less.

### Emergency EIDL Grants

- Small business owners, including self-employed individuals and independent contractors, can receive a \$10,000 advance on an [Emergency Economic Injury Disaster Loan](#) (EIDL) that does not have to be paid back – even if the borrower does not qualify for a Small Business Administration loan.
- Applicants will be approved based on their credit score; submitting a tax return is not required.
- Loans can be used to:
  - provide paid sick leave to employees unable to work due to the COVID-19;
  - maintain payroll during substantial business slowdowns;
  - meet the increased costs of materials due to interrupted supply chains; make rent or mortgage payments; and
  - repay obligations that cannot be met due to revenue losses.

## **Disaster Unemployment Assistance**

- Workers who are not normally eligible for unemployment benefits can now access [Disaster Unemployment Assistance](#) so long as their unemployment was connected to the COVID-19 pandemic, as determined by [the state and the Department of Labor](#).
- Expanded eligibility would provide benefits to self-employed individuals, independent contractors, “gig economy” employees, and individuals who were unable to start a new job or contract due to the pandemic.
- For information on how you can file a claim over the phone or by mail click [here](#) and read more about this [here](#). There is not yet an online portal to file a claim online.

Starting Monday, April 20, the Employment Development Department (EDD) will launch a new call center that will be open 7 days a week from 8:00 a.m. to 8:00 p.m. The Unemployment Insurance Branch will be staffed with 1,340 employees, including 740 EDD employees and 600 employees from across state government. Find a step-by-step guide on how to apply [here](#).

*Don't see an answer to your question? You can read more [here](#) or contact my Palm Desert Office at (760) 424-8888.*