Alaska SBDC Overview of the Coronavirus Aid, Relief, and Economic Security (CARES) Act

CARES Act Overview

The Coronavirus Aid, Relief, and Economic Security (CARES) Act provides relief for small businesses that have trouble covering payroll and operating expenses because of the COVID-19 pandemic. The new law creates a Small Business Administration (SBA) loan program, called the “Paycheck Protection Program” (PPP), that expands benefits and eligibility for SBA disaster loans, covers payments on existing SBA loans, and creates new tax credits to help cover the cost of paid leave and payroll.

SBA Paycheck Protection Program (PPP)

The Paycheck Protection Program provides small businesses with zero-fee loans of up to $10 million to cover payroll and other operating expenses. Up to 8 weeks of payroll, mortgage interest, rent, and utility costs can be forgiven. Payments on principal and interest are deferred for one year. Small businesses will be able to apply if they were harmed by COVID-19 between February 15, 2020, and June 30, 2020. This program is retroactive to February 15, 2020, in order to help bring workers who may have already been laid off back onto payrolls. Loans are available through June 30, 2020. Learn more here.

Eligibility Requirements

- Your business or entity was in operation on February 15, 2020
- You are a small business, a 501(c)(3) nonprofit organization, a 501(c)(19) veterans organization, or tribal business concern that has fewer than 500 employees, or the applicable size standard in the number of employees for the North American Industry Classification System (NAICS) industry as provided by SBA, if higher
- You are a sole proprietorship, an independent contractor, self-employed
- You are a franchise business that employs not more than 500 employees per physical location and your business has a NAICS code beginning with 72, for which the affiliation rules are waived
  - Affiliation rules are also waived for any business operating as a franchise that is assigned a franchise identifier code by the SBA, and any company that receives funding through a Small Business Investment Company

Loan Size:

- Your maximum loan size is 250% of average monthly payroll costs for the one-year period before the loan is made. If you are a seasonal worker, it is 250% of average monthly payroll costs from February 15, 2019, to June 30, 2019, or you can opt to choose March 1, 2019, as the time period start date. The loan maximum in all cases is $10 million
- If you were not in business this time last year, your maximum loan is equal to 250% of your average monthly payroll costs between January 1, 2020, and February 29, 2020
Payroll costs for the purposes of determining your loan size include:

- Compensation (salary, wage, commission, or similar compensation, payment of cash tip)
- Payment for vacation, parental, family, medical, or sick leave
- Allowance for dismissal or separation
- Payment required for group health care benefits, including insurance premiums
- Payment of any retirement benefit
- Payment of State or local tax assessed on the compensation of employees

The following costs do not count towards your loan size: compensation over $100,000, certain withheld taxes, compensation for employees outside of the United States, and required leave under the Families First Coronavirus Response Act, for which a credit is allowed.

Use of Loan Funds:

- Payroll costs (all costs included above)
- Costs related to group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums
- Employee salaries, commissions, or similar compensations (except as excluded above)
- Payments of interest on any mortgage (but not payment or prepayment of principal)
- Rent
- Utilities
- Interest on any other debt obligations that were incurred before February 15, 2020

Loan Terms:
For any amounts not forgiven, the maximum term is 10 years, the maximum interest rate is 4 percent, zero loan fees, zero prepayment fee (SBA will establish application fees caps for lenders that charge).

Loan Forgiveness:
You can apply to your lender to forgive your loan for the amount of payroll costs plus payments of mortgage interest, rent, and utilities incurred during the 8-week period after the loan is disbursed. The amount that can be forgiven is proportionate to maintaining employees and wages.

You must apply through your lender for forgiveness and provide:

- Documentation verifying the number of employees on payroll, their pay rate, IRS payroll and state income tax filings, and unemployment insurance filings;
- Documentation verifying payments of rent, mortgage interest, utilities, and other debt; and
- Certification from your business that the documentation provided is true and that the amount of the loan that is being forgiven was used in line with the program’s requirements
Any loan amounts not forgiven are carried forward as an ongoing loan with max terms of 10 years, at a maximum interest rate of 4 percent. Principal and interest will continue to be deferred, for a total of 6 months to a year after disbursement of the loan.

**Can I use a Paycheck Protection Loan with other SBA loans?**
Yes, you may apply for a paycheck protection loan and other SBA loans, including the SBA economic injury disaster loans, 7(a) loans, 503 loans, and microloans. However, you may not use funds from each of these programs for the same purposes.

**More Information**
For more information about SBA loan programs, please visit the Small Business Administration. More information about the Paycheck Protection Loan Program and other resources for small businesses can be found on the U.S. Senate Committee on Small Business and Entrepreneurship [website](#).

If you need additional assistance, please reach out to your local Alaska Small Business Development Center, or Alaska SBA District Office.

**SBA Economic Injury Disaster Loans (EIDL)**
The CARES Act creates a new emergency grant of $10,000 for small businesses that apply for an SBA Economic Injury Disaster Loan (EIDL). EIDLs are loans up to $2 million with interest rates of 3.75% for businesses and 2.75% for nonprofits, and principal and interest payments deferred up to 4 years.

The EIDL may be used to pay for expenses that could have been met had the disaster not happened, including payroll and other operating expenses. The EIDL does not need to be repaid even if the applicant is denied an EIDL. A small business may apply for an EIDL and a Paycheck Protection Program loan. The EIDL will be subtracted from the amount of the Paycheck Protection Program loan that is forgivable.

**Emergency Bridge Loan (EDL) Overview**
The Coronavirus Aid, Relief, and Economic Security (CARES) Act temporarily expands eligibility for SBA economic injury disaster loans (EIDL) and provides an Emergency Bridge Loan (EDL) of up to $10,000 advance to small businesses and private non-profits harmed by COVID-19 within 3 days of applying for an SBA Economic Injury Disaster Loan (EIDL). To access the advance, you first apply for an EIDL and then request the advance. **The advance does not need to be repaid under any circumstance**, and may be used to keep employees on payroll, to pay for sick leave, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent, and mortgage payments.
Eligibility
In addition to the entities that are already eligible for SBA disaster loans (small businesses, private non-profits, and small agriculture cooperatives), eligibility is temporarily expanded to include:

- Business entities with 500 or fewer employees
- Sole proprietorships, with or without employees
- Independent contractors
- Cooperatives and employee owned businesses
- Tribal small businesses
- Private non-profits of any size.

Additionally, you must have been in business as of January 31, 2020. Expanded eligibility criteria and the emergency grants are only available between January 31, 2020 and December 31, 2020.

How to Apply

- You can apply for an EIDL online with the Small Business Administration (SBA)
- When you apply, you can request an emergency advance of $10,000
- The SBA will provide the advance within 3 days of receiving your application
- You will not have to repay the advance, even if your application for the EIDL is denied
- You can visit an SBA resource partner who can help guide you through the loan application process
- Find your nearest Alaska SBDC or Women’s Business Center here.

Can I apply for other SBA loan programs?
If you apply for an EIDL and the advance, you can still apply for a Paycheck Protection Program loan. However, the amount forgiven under a Paycheck Protection Program loan will be decreased by the $10,000 advance.

Debt Relief for New and Existing SBA Borrowers
For small businesses that already have an SBA loan (such as a 7(a), 504, or microloan) or take one out within 6 months after the CARES Act is enacted, the SBA will pay all loan costs for borrowers, including principal, interest, and fees, for six-months. SBA borrowers may also seek an extension of the duration of their loan and delay certain reporting

SBA 7(a), 504, or Microloan Overview
The Coronavirus Aid, Relief, and Economic Security (CARES) Act provides immediate relief to small businesses with SBA 7(a), 504, and microloans. For existing borrowers, SBA will cover all loan payments on these SBA loans, including principal, interest, and fees, for six months.

This relief will also be available to new borrowers who take out loans within six months of the enactment of the CARES Act.
SBA 7(a), 504, or Microloan Eligibility

- You have an SBA 7(a), 504, or microloan loan (Paycheck Protection loans and SBA disaster loans are not eligible—but payments are already deferred under those loans)
- You apply for and receive an SBA 7(a), 504, or microloan within six months of enactment of the CARES Act
- To check if you are eligible for an SBA 7(a), 504, or microloan, please visit the Small Business Administration website

More about SBA loans

- An SBA 7(a) loan is a loan of up to $5 million for borrowers who lack credit elsewhere and need access to versatile financing, providing short-term or long-term working capital and to purchase an existing business, refinance current business debt, or purchase furniture, fixtures, and supplies
- A 504 loan is a loan up to $5.5 million for small businesses that provides long-term, fixed-rate financing used to acquire fixed assets for expansion or modernization. You must apply through a Certified Development Company, which is a nonprofit corporation that promotes economic development
- A microloan loan is a loan up to $50,000 to help small businesses and certain not-for-profit childcare centers to start up and expand. The average microloan is about $13,000. These loans are delivered through mission-based lenders that also provide business counseling
- You can visit an SBA resource partner who can help guide you through the loan application process. Find your nearest Alaska SBDC or Women’s Business Center here
- You can use SBA’s free lender match tool to find a lender near you

How do I get debt relief?

Debt relief is automatic, but you should check in with your lender. Under the new law, the SBA is directed to make payments within 30 days of the date on which the first payment is due. requirements.

Relief for Small Business Government Contractors

If you are a government contractor, there are a number of ways that Congress has provided relief and protection for your business. Agencies will be able to modify terms and conditions of a contract and to reimburse contractors at a billing rate of up to 40 hours per week of any paid leave, including sick leave. The contractors eligible are those whose employees or subcontractors cannot perform work on site and cannot telework due to federal facilities closing because of COVID-19. If you need additional assistance, please reach out to your Alaska PTAC.
Employee Retention Tax Credit

The CARES Act creates a refundable payroll tax credit for businesses, large and small, that retain their employees during the COVID-19 crisis. Employers are eligible if they have been fully or partially suspended as a result of a government order, or they experience a 50% reduction in quarterly receipts as a result of the crisis.

For employers with 100 or fewer full-time employees, they may claim a credit for wages paid to all of their employees, up to $10,000 a person. For employers with more than 100 employees, they may claim a credit for those employees who are furloughed or face reduced hours as a result of the employer’s closure or economic hardship.

The Department of the Treasury is authorized to advance payment of the employee retention tax credit. This tax credit is not available if the employer takes an SBA paycheck protection loan.

Employee Retention Tax Credit Overview

The Coronavirus Aid, Relief, and Economic Security (CARES) Act creates a refundable payroll tax credit for businesses (large and small) and non-profits that retain their employees during the COVID-19 crisis. The tax credit is equal to 50% of wages and compensation. There is an overall limit on wages per employee of $10,000. The credit is provided through December 31, 2020.

Employee Retention Tax Credit Eligibility

Employers are eligible if they have been fully or partially suspended as a result of a government order, or if they experience a 50 percent reduction in quarterly receipts as a result of the crisis.

Amount of Tax Credit

- For employers with 100 or fewer full-time employees, they may claim a credit for wages paid to all of their employees, up to $10,000 a person
- For employers with more than 100 employees, they may claim a credit for those employees who are furloughed or face reduced hours as a result of the employer’s closure or economic hardship.

Applying the Tax Credit

The credit can be claimed against the business or non-profit’s quarterly payroll tax liability and is fully refundable to the extent of excess. The Department of the Treasury is authorized to make advance payments of the tax credit, and to waive penalties for employers who do not deposit applicable payroll taxes in anticipation of receiving the credit.

Tax Credit Limitations

This tax credit is not available if the employer takes an SBA paycheck protection loan.
More Information
As more information about this tax credit becomes available, please check the IRS’s website at https://www.irs.gov/coronavirus.

Payroll Tax Delay
The CARES Act allows employers to delay paying the employer-portion of payroll taxes through the end of 2020. The deferred amount is due in two installments - 50% is due before December 31, 2021, and the other 50% is due before December 31, 2022. Deferral is not available if the employer takes an SBA paycheck protection loan.

Payroll Tax Delay Overview
The Coronavirus Aid, Relief, and Economic Security (CARES) Act allows taxpayers to defer paying the employer portion of certain payroll taxes through the end of 2020, with all 2020 deferred amounts due in two equal installments, one at the end of 2021, the other at the end of 2022. Payroll taxes that can be deferred include the employer portion of FICA taxes, the employer and employee representative portion of Railroad Retirement taxes (that are attributable to the employer FICA rate), and half of SECA tax liability.

Payroll Tax Delay Eligibility
Employers, both businesses and non-profits, are eligible to defer their payroll taxes, unless they receive a loan under the SBA Paycheck Protection Program.

Payroll Tax Delay Deadlines
- Employers may defer payroll taxes through the end of 2020
- The first 50 percent of the deferred amount must be paid before December 31, 2021
- The second 50 percent of the deferred amount must be paid before December 31, 2022

More Information
For more information, please check the IRS’s website at https://www.irs.gov/coronavirus.

Advance Payment of Tax Credits for Paid Leave
The CARES Act allows the Treasury to send advance payments of tax credits available to employers that are required to provide up to 12 weeks of coronavirus-related paid leave to their employees.

Advance Payment of Tax Credits for Paid Leave Overview
The Families First Coronavirus Response Act (Families First) requires employers to provide temporary paid sick, family, and medical leave for employees who are directly affected by the COVID-19 outbreak.
This leave will ensure that workers are able to stay home from work when sick and are able to take care of their loved ones. These emergency categories of leave go into effect on April 1, 2020 and all leave required under this law expires on December 31, 2020.

**Are my employees eligible for these paid leave programs?**
If you are an employer with less than 500 employees, then your employees may be eligible for both paid sick leave and paid family leave under Families First.

Only employees who have been employed for at least 30 calendar days are eligible for paid family leave.

**Can my business be exempted from the law’s requirements?**
If your business has fewer than 50 employees, you may apply to the United States Department of Labor’s (DOL) Wage and Hour Division (WHD) for an exemption from only the emergency paid family and medical leave requirement if meeting the requirement would put the life of your business in jeopardy.

For more information about an exemption, please contact the WHD at 1-866-4US-WAGE.

**My business will have to provide leave to employees. What are my employees entitled to?**

**Emergency Paid Sick and Family Leave**

**Employees may use sick leave because:**

- They are subject to a federal, state, or local quarantine, or isolation order related to COVID-19
- They have been advised by a health care provider to self-quarantine due to concerns related to COVID-19
- They are experiencing symptoms of COVID-19 and seeking a medical diagnosis
- They are caring for an individual who is subject to an order as described in paragraph (1) or has been advised as described in paragraph (2)
- They are caring for a son or daughter because the school or place of care of the son or daughter has been closed, or the childcare provider of such son or daughter is unavailable due to COVID-19 precautions
- They are experiencing any other substantially similar condition specified by the secretary of Health and Human Services

**Emergency Paid Sick Leave Pay:**

- Full-time employees will receive their full regular rate of pay, capped at a total of $511 per day, for leave taken pursuant to reasons (1), (2), and (3) above
- Full-time employees will receive two-thirds their full regular rate of pay, capped at a total of $200 per day, for leave taken pursuant to reasons (4), (5), and (6) above
● For part-time employees or those with irregular hours, leave pay will be calculated based on the number of hours the employee works on average over a 2-week period in the past year.

**Emergency Paid Sick Leave Duration:**

● If eligible for paid sick leave, full time employees will be granted 80 hours (10 days) of paid sick leave
  Part-time employees will be granted a prorated amount based on their average number of hours

**Emergency Paid Family and Medical Leave**
Employees may use family and medical leave to:

● Care for a child under 18 years of age whose school or childcare provider has been closed due to reasons related to COVID-19

**Emergency Paid Family and Medical Leave Pay:**

● The first 10 days of this leave is unpaid, although employees may use paid time off or sick time to cover some, or all, of the initial unpaid period
● After the initial 10 days, full time employees will receive two-thirds of their regular rate of pay, capped at a total of $200 a day

**Emergency Paid Family and Medical Leave Duration:**

● If eligible for paid family and medical leave, full-time employees may take such leave for up to 12 weeks total
● Part-time employees or those with irregular schedules will be paid at 2/3 of their regular rate for the average number of hours worked over the prior 6 months of employment.

**I already provide my employees with paid sick leave, can I change my policy because of these requirements?**
No, please be aware that this emergency paid sick leave does not diminish your employee’s existing rights to paid leave under a collective bargaining agreement or existing employer policy.

**When does this take effect and will I get in trouble if I don’t provide leave immediately?**
The law takes effect on April 1, 2020. However, DOL will not bring an enforcement action against any employer for violations in the first 30 days so long as the employer has acted reasonably and in good faith to comply.

**Will I receive any help in paying for this leave?**
Yes, the Families First law provides for a refundable tax credit to offset the costs of any paid leave wages that you must pay because of these requirements.
How will these tax credits work, and does this help me immediately?
Eligible employers who pay qualifying sick or family and medical leave will be able to keep an amount of the payroll taxes equal to the amount of qualifying sick and family and medical leave that they paid, rather than deposit them with the IRS.

The payroll taxes that are available for retention include withheld federal income taxes, the employee share of Social Security and Medicare taxes, and the employer share of Social Security and Medicare taxes with respect to all employees.

If there are not sufficient payroll taxes to cover the cost of qualified sick and family and medical leave paid, employers will be able file a request for an accelerated payment from the IRS for the difference. The IRS expects to process these requests in two weeks or less.

Can I claim a tax credit for paid sick leave I already provide to my employees?
No, only leave required under Families First, and granted starting April 1, 2020, is eligible for a tax credit.

More Information
For more information on implementing emergency paid leave, please visit [www.dol.gov/agencies/whd/pandemic/ffcra-employer-paid-leave](http://www.dol.gov/agencies/whd/pandemic/ffcra-employer-paid-leave), or call the Department of Labor’s Wage and Hour Division at 1-866-4US-WAGE.


The “Emergency Paid Sick Leave Act” and the “Emergency Family and Medical Leave Act” are established by Division E and Division C of the Families First Coronavirus Response Act, respectively.

Business Tax Relief
The CARES Act provides other forms of tax relief for businesses, including loosening requirements for net operating losses, and limitations on business interest deductions. The CARES Act also permanently fixes the qualified improvement property (QIP) error in the 2017 tax law, so that QIP investments are entitled to 100% recovery over 15 years. Distillers are exempt from excise taxes on undenatured alcohol for the purpose of producing hand sanitizer. More information is available [here](http://www.irs.gov/newsroom/treasury-irs-and-labor-announce-plan-to-implement-coronavirus-related-paid-leave-for-workers-and-tax-credits-for-small-and-midsize-businesses-to-swiftly-recover-the-cost-of-providing-coronavirus).

Business Tax Relief Overview
The Coronavirus Aid, Relief, and Economic Security (CARES) Act provides the following tax relief for businesses and non-profits.
Employee Retention Tax Credit
The CARES Act creates a refundable payroll tax credit for businesses, large and small, that retain their employees during the COVID-19 crisis. Employers are eligible if they have been fully or partially suspended as a result of a government order, or they experience a 50 percent reduction in quarterly receipts as a result of the crisis.

For employers with 100 or fewer full-time employees, they may claim a credit for wages paid to all of their employees, up to $10,000 a person. For employers with more than 100 employees, they may claim a credit for those employees who are furloughed or face reduced hours as a result of the employer’s closure or economic hardship. The Department of the Treasury is authorized to advance payment of the employee retention tax credit. This tax credit is not available if the employer takes an SBA paycheck protection loan.

Payroll Tax Delay
The CARES Act allows employers to delay paying the employer-portion of payroll taxes through the end of 2020. The deferred amount is due in two installments—50 percent is due before December 31, 2021, and the other 50 percent is due before December 31, 2022. Deferral is not available if the employer takes an SBA paycheck protection loan.

Advance Payment of Tax Credits for Paid Leave
The CARES Act allows the Treasury to send advance payments of tax credits available to employers that are required to provide up to 12 weeks of coronavirus-related paid leave to their employees.

Expanded Net Operating Losses
The CARES Act expands the use of net operating losses (NOLs) by modifying restrictions put in place by the Tax Cuts and Jobs Act of 2017 (TCJA) (P.L. 115-97). The TCJA limited net operating losses (NOLs) arising after 2017 to 80 percent of taxable income and eliminated the ability to carry NOLs back to prior taxable years.

NOL Carrybacks
The CARES Act modifies the treatment of NOL carrybacks so that in the case of taxable years beginning before 2021, taxpayers will be eligible to carry back NOLs to the prior five taxable years. Effectively, this delays the 80 percent taxable income limitation until 2021 and temporarily extends the carryback period from zero to five years. The provision also temporarily disregards NOL carrybacks for the section 965 transition tax. C corporations may elect to file for an accelerated refund to claim the carryback benefit.

NOL Carryforwards
The CARES Act modifies the treatment of NOL carryforwards so that in the case of taxable years beginning before 2021, taxpayers will be entitled to an NOL deduction equal to 100 percent of taxable income (rather than the 80 percent limitation in present law).
In the case of taxable years beginning after 2021, taxpayers will be eligible for: (1) a 100 percent deduction of NOLs arising in tax years prior to 2018, and (2) a deduction limited to 80 percent of modified taxable income for NOLs arising in tax years after 2017.

**Modification of Limitation on Losses for Taxpayers other than Corporations**

The CARES Act retroactively turns off the excess active business loss limitation rule implemented with the TCJA by amending the provision to apply to tax years beginning after December 31, 2020 (rather than December 31, 2017). It also turns off active farming loss rules for tax years beginning after December 31, 2017, and before December 31, 2020.

An active business loss is defined as deductions in excess of income and gain attributable to a trade or business in which the taxpayer actively participates plus $250,000 ($500,000 for joint filers) (i.e. active business losses in excess of $250,000 ($500,000 for joint filers) were disallowed by the TCJA and treated as NOL carryforwards in the following tax year).

The CARES Act also includes technical corrections to the TCJA. The provision clarifies that excess business losses do not include any deduction under 172 or 199A or any deductions related to performing services as an employee. The provision also clarifies that, because capital losses cannot offset ordinary income under the NOL rules, capital loss deductions are not taken into account in computing the section 461(l) limitation, and that the amount of capital gain taken into account in calculating the section 461(l) limitation cannot exceed the lesser of capital gain net income from a trade or business or capital gain net income.

**Modification of Credit for Prior Year Minimum Tax Liability of Corporations**

The TCJA repealed the corporate alternative minimum tax (AMT) and allowed corporations to claim outstanding AMT credits subject to certain limits for tax years prior to 2021, at which time any remaining AMT credit may be claimed as fully refundable. The CARES Act allows corporations to claim 100 percent of AMT credits in 2019 as fully refundable and provides an election to accelerate claims to 2018, with eligibility for accelerated refunds.

**Modification of Limitation on Business Interest**

The TCJA generally limited the amount of business interest allowed as a deduction to 30 percent of adjusted taxable income (ATI). This provision generally allows businesses to elect to increase the interest limitation from 30 percent of ATI to 50 percent of ATI for 2019 and 2020, and allows businesses to elect to use 2019 ATI in calculating their 2020 limitation. A special rule for partnerships allows 50 percent of any excess business interest allocated to a partner in 2019 to be deductible in 2020 and not subject to the 50 percent (formerly 30 percent) ATI limitation. The remaining 50 percent of excess business interest from 2019 is subject to the ATI limitation. The 2019 ATI limitation remains at 30 percent of partnership ATI rather than 50 percent of ATI. The ATI limitation for 2020 is 50 percent of partnership ATI and partnerships may elect to use 2019 partnership ATI in calculating their 2020 limitation.
Qualified Improvement Property Technical Correction
This provision is a technical correction to the TCJA that would allow qualified improvement property such as the interior improvements of buildings to be (1) immediately expensed in the case of restaurant, retail, and most other property (classified as 15-year property), or (2) depreciated over 20 years in the case of a real property trade or business. Under the TCJA, qualified investment property was depreciated over 39 years.

Temporary Suspension of Alcohol Taxes on Undenatured Spirits for Hand Sanitizer
The CARES Act exempts from excise taxes undenatured spirits that distillers are using for the emergency production of hand sanitizer. Under present law, distilled spirits are generally subject to an excise tax of between $2.70 and $13.50 per proof gallon upon removal from the premises of a distilled spirits plant (DSP), however, denatured spirits for non-beverage use may be removed free of tax. Denaturing requires the spirits be mixed with an unappetizing or emetic ingredient to prevent improper or accidental ingestion.

Hand sanitizer is classified as an over-the-counter drug regulated by the Food and Drug Administration (FDA) under the Federal Food, Drug, and Cosmetic Act.
FDA has issued guidance on March 14, 20, and 24, on the emergency production of hand sanitizer in connection with the COVID-19 outbreak, which taken together, provides that undenatured spirits may be produced by a DSP for use in the production of hand sanitizer, provided such spirits are later denatured before being used for hand sanitizer.

In the case that undenatured spirits are removed from a DSP and later denatured off-premises, these spirits may be subject to excise tax liability as a beverage alcohol product. This provision would exempt from tax these undenatured spirits that are removed from a DSP during 2020 and used for the production of hand sanitizer in compliance with all FDA guidance.