



CARES ACT - SMALL BUSINESS:

RESOURCES

SBA Streamlined COVID-19 Economic Injury Disaster Loan Application - [SBA COVID-19 Streamlined Application](#)

US Treasury - [Visit their resource center](#)

SBA Small Business Guidance - [Visit their resource center](#)

LOANS / GRANTS

Economic Injury Disaster Loan Program (EIDL) – Modified

- ❖ SBA Paycheck Protection Loan (PPL)
- ❖ SBA Economic Injury Disaster Loan
- ❖ SBA Emergency Economic Injury Grants
- ❖ SBA Express Bridge Loans
- ❖ SBA Small Business Debt Relief

SBA Paycheck Protection Loan – Available until June 30, 2020.

❖ Who is eligible?

- Small Business (includes sole proprietors & independent contractors). Less than 500 workers in single location
- Small Agricultural
- Private non-profit
- Must be in business as of 2/15/2020

❖ Key points

- Must acknowledge it will be used to maintain workforce, rent, mortgage and utilities
 - Debt instrument incurred in ordinary course of business before 2/15/2020 – Real or personal property
 - Rent - agreement before 2/15/2020
 - Utilities – Electric, gas, water, transportation, telephone or internet access. Must have begun before 2/15/2020
- Certify uncertainty of current economic conditions make it necessary
- No requirement to use other credit sources first; such as a line of credit or other financing

- Up to \$10 million
 - Maximum equals the lessor of:
 - Average of monthly payroll costs for 1-year period before the date of the loan X 2.5 or \$10 million
 - Payroll costs - (wages, PTO, payments to independent contractors, group health insurance, retirement benefits and state & local tax on compensation) – prorated for employees whose annual salary exceeds \$100,000.
 - Excludes federal employment taxes, qualified sick leave under Families First Coronavirus Response Act and qualified family leave wages under the same act
 - Interest rates not to exceed 4%
 - Potentially as long as 10 years
 - No personal guarantees required
 - No pre-payment penalty
 - No application fees
- ❖ **Loan Forgiveness** – A portion of this loan may be forgiven for the amounts paid during the 8-week period after the disbursement of the loan proceeds if certain requirements are met:
- Amount of forgiveness is the sum of:
 - Payroll costs
 - Mortgage interest – not principal or prepayments
 - Rent
 - Utilities
 - Loan forgiveness reduced by the quotient of the following: Dividing the
 - Average full-time employees (FTE)/month during the 8-week period by either (choice of borrower)
 - Average FTE during 2/15/2019-6/30/2019 OR
 - Average FTE per month during 1/1/2020-2/29/2020
 - Loan forgiveness is reduced by the amount of any reduction in total wages to any employee in excess of \$100,000 that is in excess of 25% of the total wages of that employee during most recent full question
 - Any amounts not forgiven subject to the terms agreed upon (10-year max, not to exceed 4% interest).
 - Principal & interest will continue to be deferred for 6 months to a year after loan disbursement
 - Loan forgiveness excluded from tax
- ❖ **Loan Forgiveness Application**
- Apply through lender
 - Documentation required
 - # of employees, payroll, rates, IRS, state and unemployment payroll tax filings
 - Proof of payments of rent, mortgage interest and/or utilities
 - Certification documentation provided is true and amount is in accordance with the program's guidelines

Economic Injury Disaster Loan, Express Bridge Loans & Emergency Economic Injury Grants

- ❖ **EIDL** - Available January 31, 2020 – December 31, 2020
 - Up to \$2 million
 - 3.75% small business, 2.75% nonprofits
 - Term up to 30 years
 - Principal & interest can be deferred up to 4 years
 - Can be used to pay normal operating expenses
 - Waives personal guarantee & use of other credit facilities
- ❖ **Application Process** – We are expecting a streamlined process for these loans by April 3rd but, for those who want to begin the process now can apply online [Apply here](#)
 - Download forms, complete & upload
 - Application (small business or sole proprietor)
 - Federal income tax return(s)
 - Personal Financial statements (SBA Form 413)
 - Schedule of Liabilities all fixed debt (SBA Form 2202)
 - Tax information authorization (IRS Form 4506T)
 - Business financial statements
- ❖ **Emergency Advance**
 - Up to \$10,000
 - Within 3 days of applying for EIDL
 - Does not need to be repaid
- ❖ **Express Bridge Loans**
 - Up to \$25,000
 - Can be term or bridge the gap while waiting for an EIDL loan
 - Repaid in full or part by EIDL loan proceeds
- ❖ **Express Loans** – Increases max for loans through December 31, 2020
 - Process within 36 hours
 - Temporary increase to a maximum amount of \$1 million

SBA Small Business Debt Relief - (7(a), 504, microloan)

- Size standards. [Click here to see if your business qualifies for small business](#)
- 7(a) - Up to \$5 million – small businesses that cannot get credit elsewhere
- 504 – up to \$5.5 M to acquire fixed assets
- Microloan – up to \$50,000

OTHER RELIEF

Payroll

- Employer can defer employer share of 2020 federal payroll taxes. Pay 50% by Dec. 31, 2021 and the other 50% by Dec. 31, 2022. Includes SE tax (50% employer portion) for self-employed individuals.
 - Not available if have a PPL.
- Refundable credit up to 50% payroll tax liability on qualified wages. Capped at first \$10,000 in wages (including health benefits) per employee.
 - Available to employers with average full-time employees 2019 of 100 or fewer
 - If over 100 employees, only wages for furloughed or employees facing reduced hours as a result of closure
 - Employers with suspended operations
 - If business is at least 50% effected by COVID-19.
 - Not eligible for employers receiving SBA loans.

Taxes

- Trusts and Corporations due 4/15/2020 federally are automatically extended for filing and payments to 7/15/2020.
- Five-year carryback if NOL from 2018-2020
 - Able to amend back to 2013
- NOL will be fully allowable, not limited to 80% for tax years beginning after Dec. 31, 2017.
- Corrects TCJA 39-year life for qualified improvement property to 15 year eligible for bonus deprecation. Effective for property placed in service after 9/27/17.
- Excess business interest expense will increase to 50% from 30% for 2019 & 2020.
 - Exception – only available for partnerships for 2020.

Please note that the provisions of the CARES Act (Coronavirus Aid, Relief, and Economic Security Act) are new and will need further guidance from the Treasury. This outline is our general understanding of the Act at this time and could change as more details are provided.