Small Business Assistance Relief SBA Economic Injury Disaster Loan Assistance

HR. 6074 Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020 became law (116-123) on March 6th, providing $20 million for the SBA to leverage $7 billion in low-interest disaster loans to small businesses. In response to the Coronavirus (COVID-19) pandemic, small business owners in all U.S. states, Washington D.C., and territories are eligible to apply for an Economic Injury Disaster Loan advance of up to $10,000. The SBA's Economic Injury Disaster Loan program provides small businesses with working capital loans of up to $2 million that can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing. The SBA's Economic Injury Disaster Loans are traditionally awarded to states facing a natural disaster to assist businesses that have been directly affected. All 50 states, plus the District of Columbia, and several territories have now been declared eligible for disaster loans for businesses affected by coronavirus. Businesses are eligible for up to a $2 million loan. The loan advance will provide economic relief to businesses that are currently experiencing a temporary loss of revenue. Funds will be made available within three days of a successful application, and this loan advance will not have to be repaid. Use of Funds Disaster Loans may be used to pay fixed debts, payroll, accounts payable and other costs, but are not intended to replace lost sales or profits and cannot be used for certain purposes, including to refinance debt, make payments on loans owed by another federal agency, to pay tax penalty obligations, repair physical damages, or to pay dividends to stockholders. These Disaster Loans also offer long-term repayments in order to keep payments affordable, up to a maximum of 30 years. Terms are determined on a case-bycase basis, based upon each borrower's ability to repay. Interest rates of 3.75 for small businesses and 2.75 for nonprofits. Eligibility To be eligible, the applicant also must have an acceptable credit history, have the ability to repay the loan, be physically located in a declared a disaster area, and have suffered working capital losses due to the declared disaster, not due to a downturn in the economy or other reasons. Applicants may apply for a Disaster Loan online and should expect to provide at least the following paperwork: • Completed SBA loan application (SBA Form 5)

2

• Tax Information Authorization (IRS Form 4506T) for the applicant, principals and affiliates • Complete copies of the most recent Federal Income Tax Return • Schedule of Liabilities (SBA Form 2202) • Personal Financial Statement (SBA Form 413). Economic Injury Disaster Loans COVID-19 Application

SBA Paycheck Protection Program HR. 748 Coronavirus Aid, Relief, and Economic Security Act of 2020 became law (116-136) on March 27th , providing $350 billion in government backed loans from private banks that in some cases can be converted to no-pay back grants. Title 1 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act is the Keeping American Workers Paid and Employed Act, which provides relief for small businesses and their employees who are adversely affected by the outbreak of COVID-19. The cornerstone provision is the "Paycheck Protection Program," an emergency lending facility, administered by the Small Business Administration (SBA) under its 7(a) lending program, to provide small business loans on favorable terms to borrowers impacted by the current state of economic uncertainty. At $349 billion in new lending capacity, it accounts for the vast majority of the small business assistance provided in the 3rd Coronavirus Relief bill. Congress intended the Paycheck Protection Program to accomplish two fundamental goals: - help small businesses cover their near-term operating expenses during the worst of the crisis provide a strong incentive for employers to retain their employees. Use of Funds The maximum loan size is equivalent to 250 percent of the employer's average monthly payroll costs (e.g., roughly 10 weeks of payroll expenses) or $10 million (whichever is less) with an interest rate no higher than 4%. Payroll costs are defined broadly to include wages, salaries, retirement contributions, healthcare benefits, covered leave, and other expenses. No personal guarantee or collateral is required for the loan. The lenders are expected to defer fees, principal and interest for no less than six months and no more than one year. As long as employers continue paying employees at normal levels during the eight weeks following the origination of the loan, then the amount they spent on payroll costs (excluding costs for any compensation above $100,000 annually), mortgage interest, rent payments and utility payments can be combined and that portion of the loan will be forgiven.

The forgivable nature of these loans in effect turns them into grants, meaning that qualifying businesses will not see a significant increase in their debt burdens. But to qualify for forgiveness, employers must maintain their pre-crisis level of full time equivalent employees, or else face a reduction in forgiveness proportional to the reduction in headcount. Since many businesses have already been forced to make staffing reductions in response to vanishing customers and lost revenues, the legislation includes a clause that allows them to qualify for loan forgiveness if they have re-hired back to pre-crisis levels by June 30, 2020. Eligibility The Paycheck Protection Program offers loans for small businesses with fewer than 500 employees, select types of businesses with fewer than 1,500 employees, 501(c)(3) nonprofits with fewer than 500 workers and some 501(c)(19) veteran organizations. Additionally, the self-employed, sole proprietors, and freelance and gig economy workers are also eligible to apply. Businesses, even without a personal guarantee or collateral, can get a loan as long as they were operational on February 15, 2020. Paycheck Protection Program Application Form Business tax changes The CARES Act makes select changes to taxes and tax policies in order to ease the burden on businesses impacted by COVID-19. These changes include: • Businesses are eligible for an employee retention tax credit if 1.) your business operations were fully or partially suspended due to a COVID-19 shut-down order; or 2.) gross receipts declined by more than 50% compared to the same quarter in the prior year. Eligible businesses can get a refundable 50% tax credit on wages up to $10,000 per employee. The credit can be obtained on wages paid or incurred from March 13, 2020, through December 31, 2020. • Businesses and self-employed individuals can delay their payroll tax payments. These payments, the employer share of Social Security tax owed for 2020, can instead be deferred and paid over the next two years. Fifty percent must be paid by the end of 2021 and 50% must be paid by the end of 2022. (Note: The ability to defer these taxes does not apply to a business that has a Paycheck Protection loan forgiven.) • Businesses that have net operating losses (NOLs) have some limitations relaxed. If your business had an NOL in a tax year beginning in 2018, 2019, or 2020, that NOL can be now be carried back five years instead. This may improve cash flow and liquidity for some businesses. Pass-through businesses and sole proprietors will also be able to take advantage of the relaxed NOL limitations. • Businesses that were due to receive corporate alternative minimum tax (AMT) credits at the end of 2021 can instead claim a refund now, in order to improve cash flow during the COVID-19 emergency.

• Businesses will be able to increase their business interest expense deductions on their tax returns. For 2019 and 2020, the amount of interest expense businesses are allowed to deduct on their tax returns is increased to 50% from 30% of taxable income. • Businesses, especially those in the hospitality industry, will be able to immediately write off costs associated with improving facilities, increasing cash flow. • The government will make a temporary exception from the excise tax normally applied to alcohol, if that alcohol was used to produce hand sanitizer in 2020. Many of these changes will apply to small businesses all over the country, so it is vital to discuss with a tax professional which can apply to your company. FMLA and Paid Sick Leave Changes The CARES Act makes small changes to the Families First Coronavirus Response Act (FFCRA) in regards to paid sick leave, paid FMLA and more. These changes include: • Paid family and medical leave (FMLA) under the FFCRA is capped at $200 per day and $10,000 total per employee. • Paid sick leave under the FFCRA is capped at $511 per day and $5,110 total per employee. This amount drops to $200 per day and $2000 total for sick leave taken by an employee in order to care for a family member in quarantine or care for a child whose school has closed. • Workers that were laid off after March 1, 2020, but then rehired, are eligible for paid FMLA leave provisions described in the FFCRA immediately instead of needing to be an employee for 30 days. • Businesses can keep money that they would have deposited for payroll taxes in anticipation of refunds from the Treasury Department for paid sick leave and paid FMLA leave outlined by the FFCRA, including amounts that would have been refunded later. Read more about the Families First Coronavirus Response Act (FFCRA) here from the US Chamber of Commerce. Click here for mor