

CARES Act

Small Business Financial Assistance

- ❖ EIDL Grant
- ❖ EIDL Program enhancements
- ❖ EBL – Express Bridge Loan Pilot Program
- ❖ Small Business Debt Relief
- ❖ Payroll Protection Program
- ❖ Small Business Tax Provisions

<https://www.sba.gov/funding-programs/disaster-assistance>



Economic Injury Disaster Loan (EIDL) and EIDL Grant Expanded in CARE Acts

EIDL Grant

- Same eligibility as EIDL
- submit EIDL application, ask for the advance—check box on EIDL application
- up to \$10,000 3-days after submitting an EIDL application
- does not need to be repaid under any circumstance

EIDL

- Eligibility
 - Businesses with up to 500 employees in operation as of Feb 15, 2020
 - Nonprofit organizations with fewer than 500 employees – 501c,d,e
 - Independent contractors, sole proprietors, Tribal business concerns, ESOPs
- Loans from SBA directly: up to \$2M
 - Waives personal guarantees and 1-year in business for advances and loans under \$200,000
 - Do not need to have sought capital elsewhere for advances and loans under \$200,000
 - No collateral for \$25k or less
 - Up to 12 month deferral
- Loan Amounts
 - Working capital loan up to \$2 million; Based on 6 months operating expenses
 - Term up to 30 years, 3.75%
- Uses for the loan proceeds include:
 - Payroll, working capital, operating expenses that can't be paid because of the disaster impact

Express Bridge Loan Pilot Program

- In business by March 13, 2020
- For businesses with an existing relationship with an SBA Express Lender
- Up to \$25,000
- Will be repaid in part or full by proceeds from the EIDL Loan

Small Business Debt Relief Program

- Immediate relief to small businesses with non-disaster SBA loans
- SBA will cover payments for six months
- Also available to new borrowers who take out loans within six months of the President signing the bill into law
- Funds to be used to support the survival and/or reopening of the business

Paycheck Protection Program

Starts APR 3 (small biz) APR 10 (independent contractors and sole proprietors)

- Eligibility
 - Businesses with up to 500 employees in operation as of Feb 15, 2020
 - Nonprofits, independent contractors and sole proprietors
- Loans from SBA approved banks, credit unions, and some nonbank lenders
- No collateral; no personal guarantees; do not need to have sought capital elsewhere
- Loan Amount
 - 2 months of average monthly payroll expenses over last 12 months PLUS 25% of that amount, up to \$10m
 - 2 year term, current 1.0% interest rate, 6 month payment deferral
- Permissible uses incl. qualified payroll costs, rent, utilities, and interest on mortgage
- Loan Forgiveness
 - For funds used to pay 8 weeks of payroll (excluding sal in excess of \$100,000), mortgage interest, rent and utilities (75% should be used for payroll)
 - 8 weeks begins on the loan origination date
- Loan amount that is not forgiven
 - You will owe money if staff and payroll are not maintained
 - Interest rate is currently 1.0% with 2 year term
 - Principal and interest deferred for 6-12 months after disbursement of the loan

Paycheck Protection Program

Starts APR 3 (small biz) APR 10 (independent contractors and sole proprietors)

Additional documents

- Good faith certification
- Payroll documents
- 3 years personal tax returns
- 3 years business tax returns
- Financial statements

Request for forgiveness

- Submit request to the lender; decision within 60 days
- Required to keep good records of payroll and other eligible expenses
- Documents that verify:
 - the number of full-time equivalent employees and pay rates
 - the payments on eligible mortgage, lease, and utility obligations
- You must certify that the documents are true and that you used the forgiveness amount to keep employees and make eligible mortgage interest, rent, and utility payments.

Small Business Tax Provisions

Employee Retention Credit for Employers Subject to Closure or Experiencing Economic Hardship

- Refundable payroll tax credit for 50% of wages
- www.irs.gov/newsroom/faqs-employee-retention-credit-under-the-cares-act

Delay of Payment of Employer Payroll Taxes

- 2020 Payroll Tax deferment until December 2021 and December 2022

TTB Update

Postponement for TTB Excise Tax-Related Filings

- 90 day postponement of filing and payment dates 3/1 through 7/1
- See TTB Circular 2020-2 for additional details

Resources

- **Virginia SBDC: Resource Landing Pages**
 - www.virginiasbdc.org/eidl/
 - www.virginiasbdc.org/covid/
 - www.virginiasbdc.org/cares-act/
- **Virginia SBDC: SBA Loan Overview**
 - www.virginiasbdc.org/wp-content/uploads/2020/04/Virginia-SBDC-SBA-Loan-Overview.pdf
- **Virginia SBDC YouTube Channel: EIDL Application Process**
 - <https://youtu.be/WUdjukly91I>
- **Mason SBDC: COVID-19 Resources & FAQs**
 - www.masonsbdc.org/coronavirus/
- **US Treasury: PPP Fact Sheet**
 - <https://home.treasury.gov/system/files/136/PPP--Fact-Sheet.pdf>
- **Small Business Administration: PPP Lender Tool**
 - www.sba.gov/paycheckprotection/find
- **Virginia SBDC: Find a Center Near You**
 - www.virginiasbdc.org/locations

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The Virginia SBDC is here to help.

Chris Van Orden
cvanord@gmu.edu