

SBA PAYCHECK PROTECTION PROGRAM

The Coronavirus Aid, Relief, and Economic Security Act creates a new loan program for small businesses called the Paycheck Protection Program.

WHO:

Small businesses with fewer than 500 employees, or with more than 500 employees in [certain industries](#), are eligible for PPP loans. Nonprofits under Section 501(c)(3) with fewer than 500 employees and veterans organizations under Section 501(c)(19) with fewer than 500 employees are also eligible.

WHAT:

Borrowers can receive loans of up to 2.5x their average monthly payroll, capped at \$10 million per loan. Loans can be forgiven if they are used for payroll and certain overhead costs during the 8 weeks following origination of the loan. To ensure full loan forgiveness, borrowers must:

- Maintain employee headcount during the crisis;
- Not cut employee pay by more than 25%; and
- Use at least 75% of their loan funds on payroll costs.

WHEN:

Small businesses and sole proprietorships can apply beginning Friday, April 3. Independent contractors and self-employed individuals can apply beginning April 10. Borrowers are encouraged to apply early due to the funding cap on the program.

WHERE:

Borrowers can apply for PPP loans at their local lender; a sample application form is [available here](#). Borrowers will have to provide payroll documentation to their lender and certify that they will use the funds for payroll and overhead due to the ongoing crisis.

Applicants should check with their local lender to see if they are participating in the program. Existing SBA lenders, plus federally insured depository institutions and credit unions, may participate in the program—and the government is taking steps to further broaden the list of approved lenders.

This material has been gathered by the NAM for informational purposes only. It is not intended to be legal advice. Legal advice of any nature should be sought from legal counsel.

SBA ECONOMIC INJURY DISASTER LOAN PROGRAM

The SBA's Economic Injury Disaster Loan program provides low-interest loans to businesses and nonprofits impacted by COVID-19 and other declared disasters.

WHO:

Small businesses with fewer than 500 employees, or with more than 500 employees in [certain industries](#), are eligible for the EIDL program. Private nonprofits, including but not limited to 501(c)(6) trade associations, are also eligible.

WHAT:

Borrowers can receive loans of up to \$2 million. Under the CARES Act, applicants can receive a \$10,000 emergency grant within three days of applying for the loan. EIDL funds can be used to pay fixed debts, payroll, accounts payable and other bills that cannot be paid because of the crisis. (Note: EIDL funds cannot be used for the same payroll and overhead costs as [Paycheck Protection Program](#) funds; borrowers seeking to apply for both programs will need to use EIDL funds for different purposes.) Loan terms are determined on a case-by-case basis, with a 3.75% interest rate for small businesses and a 2.75% interest rate for nonprofits.

WHEN:

All 50 states and the federal government have declared states of emergency due to COVID-19, so borrowers across the country can apply for EIDL loans now.

WHERE:

The online application is available at <https://covid19relief.sba.gov>.

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EMPLOYEE RETENTION TAX CREDIT

The Coronavirus Aid, Relief, and Economic Security Act creates a new, temporary, refundable payroll tax credit to encourage the retention of employees.

WHO:

Any “eligible employer,” which can include tax-exempt organizations. While there is no size limitation, an “eligible employer” is an entity whose operation (1) is fully or partially suspended in response to governmental orders limiting commerce, travel or group meetings or (2) has experienced a significant decline in gross receipts, defined as a decline of 50% or more in quarterly receipts when compared to the prior year quarter.

WHAT:

A tax credit of 50% on the first \$10,000 of wages (including health benefits). (Note: The credit is not available to employers receiving loans under the [Paycheck Protection Program](#).)

WHEN:

Credit is based on wages incurred or paid from March 13, 2020, through Dec. 31, 2020.

WHERE:

As the IRS administers the tax credit, please refer [here](#) for further details.

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DELAYED PAYMENT OF PAYROLL TAXES

The Coronavirus Aid, Relief, and Economic Security Act allows an employer to defer its share of 2020 payroll tax, paying these amounts over the next two years.

WHO:

Any employer.

WHAT:

Deferred payment of the employer's share of payroll taxes.

WHEN:

The payroll tax deferral period covers the period beginning on the date of enactment of the CARES Act, March 27, and ending on Dec. 31, 2020. Employers will need to pay these amounts over the next two years. Specifically, one-half of the deferred amount is due Dec. 31, 2021, and the remaining half is due Dec. 31, 2022. (Note: Deferral is not available for employers with indebtedness forgiven under the SBA's [Paycheck Protection Program](#).)

WHERE:

Check [this site](#) for updates.

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TAX CREDITS FOR REQUIRED PAID LEAVE

The Families First Coronavirus Response Act provides a temporary, refundable tax credit for small and medium-sized employers providing required paid leave.

WHO:

Employers, including tax-exempt organizations, with fewer than 500 employees.

WHAT:

A refundable tax credit for paid sick leave (up to two weeks) and a refundable tax credit for paid family and medical leave (up to 10 weeks). Per the IRS, paid sick leave covers the following scenarios:

1. The employee is under a federal, state or local quarantine or isolation order related to COVID-19.
2. The employee has been advised by a health care provider to self-quarantine due to concerns related to COVID-19.
3. The employee is experiencing symptoms of COVID-19 and seeking a medical diagnosis.
4. The employee is caring for an individual who is subject to a federal, state or local quarantine or isolation order related to COVID-19, or has been advised by a health care provider to self-quarantine due to concerns related to COVID-19.
5. The employee is caring for the child of such employee if the school or place of care of the child has been closed, or the child care provider of such child is unavailable, due to COVID-19 precautions.
6. The employee is experiencing any other substantially similar condition specified by the Department of Health and Human Services.

Paid family and medical leave covers employees caring for a child, etc. (See number 5 above.)

Note: Employers can take the employee retention tax credit and the paid leave credits but cannot use the same wages to qualify for the respective credits.

WHEN:

The credit is available for leave occurring between April 1, 2020, and Dec. 31, 2020.

WHERE:

IRS and Department of Labor. For more information from the IRS, [click here](#). For more information from the Department of Labor, [click here](#).

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