

## MONEY AND TAXES



### Small Business Administration (SBA) Economic Injury Disaster Loan Program

Small business owners in all U.S. states and territories are currently eligible to apply for a low-interest loan due to Coronavirus (COVID-19).

The SBA will work directly with state Governors to provide targeted, low-interest loans to small businesses and non-profits that have been severely impacted by the Coronavirus (COVID-19). 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.

- These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact. The interest rate is 3.75% for small businesses. The interest rate for non-profits is 2.75%.
- SBA offers loans with long-term repayments in order to keep payments affordable, up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay.
- Express Bridge Loan Pilot Program allows small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 with less paperwork. These loans can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing and can be a term loans or used to bridge the gap while applying for a direct SBA Economic Injury Disaster loan. If a small business has an urgent need for cash while waiting for decision and disbursement on Economic Injury Disaster Loan, they may qualify for an SBA Express Disaster Bridge Loan.

For questions, please contact the SBA disaster assistance customer service center at 1-800-659-2955 (TTY: 1-800-877-8339) or e-mail [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov).

Applicants are encouraged to apply online for a disaster loan. If you do not have access to a computer or smartphone, please call us at 1-800-659-2955 for assistance in getting connected to the SBA.



### CARES Act

As of April 24, 2020, additional funding was made available for loans under the CARES Act through the Paycheck Protection Program and Health Care Enhancement Act. An additional \$310 billion was appropriated for PPP Loans and an additional \$10 billion was appropriated for EIDL Advances. Of the \$310 billion, \$60 billion is specifically set aside for certain insured credit unions and community financial institutions who serve small businesses in their communities.

See below for more information on specific programs.

The federal Coronavirus Stimulus Bill passed on March 27, 2020 provided the following additional relief under the SBA. Click here [www.sba.gov/funding-programs/loans/coronavirus-relief-options](http://www.sba.gov/funding-programs/loans/coronavirus-relief-options) to see more detail on all options below.

**Emergency grants (EIDL Loan):** Eligible small businesses who apply for a loan under the Small Business Act, can receive an advance on the loan of up to \$10,000 to provide emergency funds to cover paid sick leave to employees, payroll to retain employees, increased material costs due to supply chain interruption, rent or mortgage payments and repayment of obligations that can't be paid due to revenue losses. Payment to be made within three days after your loan application is received. According to the SBA, you will not have to repay this grant even if you are denied a loan under the Small Business Act. Click here to apply [www.covid19relief.sba.gov/](http://www.covid19relief.sba.gov/). With the additional funding on April 24, 2020, the SBA will resume processing EIDL Loan and Advance applications that are already in the queue on a first come, first-served basis.

**Forgivable loans (Paycheck Protection Program):** The Small Business Administration will provide loans of up to \$10 million per eligible business to be used to maintain payroll, continue group health care benefits, pay rent or mortgage, pay utilities and pay interest on certain other debt obligations. Loan features include: Interest Rate 1.0%; Maturity of two years; first payment deferred six months; 100% guarantee by SBA; No collateral; No personal guarantees; No borrower fees to SBA. This loan may be forgiven if the business proves that workers were employed during the eight weeks after loan issuance until the end of June. 75% of the forgiven loan must have been used for payroll. Forgiveness will be reduced if full-time headcount declines or if salaries and wages decrease. Please contact the Small Business Administration for specific guidelines at [www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-ppp](http://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-ppp).

**THE SBA WILL RESUME ACCEPTING PPP APPLICATIONS FROM PARTICIPATING LENDERS MONDAY, APRIL 27, 2020 AT 10:30AM EDT.**

If you already have an application submitted with a lender, please work through your lender to determine next steps. Having more than one application submitted may cause delay in processing your application.

If you do not have an application submitted, make sure that you work with your lender and provide ALL NECESSARY information in your application to prevent delays.

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The Treasury Department and SBA have advised that applications will be accepted beginning this Friday, April 3rd, through approved lending institutions. Contact your lender for instructions. If you wish to begin preparing your application, you can download a copy of [the PPP borrower application form](#) to see the information that will be requested from you when you apply with a lender.

**Relief for existing loans:** SBA loan administrators will pay six months of principal and interest payments on behalf of small businesses with existing eligible SBA loans. The SBA will also automatically pay the principal, interest and fees of new loans issued prior to September 27, 2020. Please contact your SBA lender for guidance and possible extension of your maturity date to avoid balloon payments.



## Employee Retention Tax Credit for Employers Subject to Closure or Experiencing Economic Hardship Due to COVID-19.

A quarterly refundable payroll tax credit is available for eligible employers for up to 50 percent of wages paid to certain employees during the COVID-19 crisis. The amount of qualified wages is capped at \$10,000 per employee. The credit is available to employers, including non-profits, whose operations have been fully or partially suspended as a result of a government order limiting commerce, travel or group meetings. The credit is also provided to employers who have experienced a greater than 50 percent reduction in quarterly receipts, measured on a year-over-year basis.

This credit is not available to employers receiving Small Business Interruption Loans.

*Please consult with your payroll processor on specific guidelines and limitations.*



## Delay of Payment of Employer Payroll Taxes.

Businesses can defer paying the employer portion of certain payroll taxes through the end of 2020, with all 2020 deferred amounts due in two equal installments: 50% of amounts due to be paid by December 31, 2021, the other 50% due by December 31, 2022. Deferral is not provided to employers that avail themselves of SBA 7(a) loans designated for payroll.

*Please consult with your payroll processor on specific guidelines and limitations.*



## FRAUD PREVENTION

The Federal Trade Commission, Better Business Bureau and all financial institutions are sounding the alarm that fraud and scams increase exponentially during a crisis. COVID-19, the disease caused by the novel coronavirus, is affecting people, businesses and communities around the world. Remain vigilant to avoid scams and fraud in your business.

If you receive calls, emails, or other communications claiming to be from the Treasury Department and offering COVID-19 related grants or stimulus payments in exchange for personal financial information, or an advance fee, tax, or charge of any kind, including the purchase of gift cards, please do not respond. These are scams. Please contact the FBI at [www.ic3.gov](http://www.ic3.gov) so that the scammers can be tracked and stopped.

*Contact your bank or credit union for guidance on protecting your business accounts.*

*Contact your bank or credit union immediately if you suspect you have been a victim of fraud.*

To report scams, fraud or price gouging, please visit either the Federal Trade Commission or Better Business Bureau at the links below:

BBB [www.bbb.org/council/coronavirus/](http://www.bbb.org/council/coronavirus/)

FTC [www.ftccomplaintassistant.gov/#crnt&panel1-1](http://www.ftccomplaintassistant.gov/#crnt&panel1-1)

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