



FOR INFORMATIONAL PURPOSES ONLY
CORONAVIRUS RELIEF FOR SMALL BUSINESSES

PLEASE FIND THIS LETTER AND ADDITIONAL COVID-19 RESOURCES AT:
<http://www.whlr.us/covid-19-resources-assistance/>

Economic Aid Act:

Applications for PPP and EIDL start the week of January 11th. On December 27, 2020, President Trump signed into law a relief bill called the Economic Aid Act (aka Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act) that is intended to help several groups like small businesses impacted by the Coronavirus pandemic. A second round of the Paycheck Protection Program (PPP), Economic Injury Disaster Loan (EIDL) funding, and Employee Retention Tax Credits is included among other features. <https://home.treasury.gov/policy-issues/cares>

PAYCHECK PROTECTION PROGRAM SUMMARY

- \$284 Billion allocated to PPP Loans - **Applications opened on January 11, 2021 for community financial institutions and will open on January 15th for smaller lenders and on January 19th for larger lenders**
- PPP Loans are for new and previous applicants and some businesses are entitled to a 2nd draw on PPP funds
- Eligibility for PPP loans (there may be other requirements to be met):
 - need to have a greater than 25% decline in gross revenues in any quarter in 2020 versus same quarter in 2019
 - less than 300 employees
 - not be a publicly traded company
- PPP Loans can be up to \$2 million
 - Loans of \$150,000 or less have a simplified one-page PPP forgiveness application
 - PPP Loan \$ amount = 2.5X average monthly payroll for the one-year period before the date of the loan or calendar year 2019
 - Food Service and accommodation are eligible for 3.5X average monthly payroll as described above
- Clarifies tax treatment of PPP Loans:
 - Loan forgiveness amount is not taxable
 - Expenses that PPP funds are used for are deductible
- Clarifies that EIDL grants do not reduce the PPP Loan forgiveness amount
- Eligible PPP expenses include payroll, rent, mortgage expense, utilities, PPE and expenses to fix property damage "due to public disturbances." Borrowers have up to 24 weeks to spend the PPP funds
- To receive PPP loan forgiveness, payroll must comprise at least 60% of the eligible expenses and there may be other requirements to be met



ECONOMIC INJURY DISASTER LOAN (“EIDL”) GRANTS SUMMARY

- \$40 billion is allocated this time (double the amount in spring 2020) **EIDL application portal opens on Sunday, January 17, 2021**
- EIDL grant is \$10,000
 - If you previously received an EIDL grant **less than** \$10,000, you can reapply for the differential amount
 - If you received a **full** \$10,000 EIDL grant previously in 2020, you are not eligible to apply a second time
- To receive EIDL, the business must:
 - have been in operation prior to January 31, 2020
 - have less than 300 workers
 - be located in a low-income community (median family income cannot be more than 80% of statewide (or metropolitan area) median family income), and
 - have suffered a 30% decline in gross receipts during any 8-week period between March 2, 2020 to Dec 31, 2021 compared to comparable period in 2019
- EIDL grants are not taxable and will not be deducted from PPP for loan forgiveness purposes

EMPLOYEE RETENTION TAX CREDIT SUMMARY

- Retroactive to March 13, 2020 – can qualify for it even if a PPP loan was received, but can't be the same wage expenses that were part of the PPP loan
- For companies with less than 500 employees
- For 2020
 - requires full or partial government mandated shutdown of business or substantial (> 50%) decline in gross receipts in any calendar quarter in 2020 vs. same quarter in 2019
 - up to \$5,000 credit per employee for all qualified wages paid for the year (50% of up to \$10,000 of qualified wages)
- Beginning January 1, 2021 thru June 30, 2021
 - requires full or partial government mandated shutdown of business or substantial (> 20%) decline in gross receipts in the each of the first two calendar quarters of 2021 vs. prior quarters
 - up to \$7,000 credit per employee per quarter (70% of up to \$10,000 of qualified wages)



RESOURCES TO CHECK OUT:

Below we have included resources that summarize the new Economic Aid Act programs. To be matched with an SBA-approved lender, follow the first link below.

Additional resources may exist for businesses affected by the Coronavirus. Check with your local officials, state government or Chamber of Commerce on the possibility of additional programs.

U.S. Small Business Administration: Coronavirus Relief Options:

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options>

U.S. Chamber of Commerce: Guide to Small Business COVID-19 Emergency Loans: <https://www.uschamber.com/report/guide-small-business-covid-19-emergency-loans>

U.S. Chamber of Commerce: How Coronavirus-Impacted Businesses Can Use the Employee Retention Tax Credit:

<https://www.uschamber.com/co/start/strategy/coronavirus-employee-retention-tax-credit-guide>

JD Supra Article by Nelson Mullins: Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act Provides Additional Funding to Small Businesses Under the Paycheck Protection Program:

<https://www.jdsupra.com/legalnews/economic-aid-to-hard-hit-small-46121/>

NFIB: EIDL Advance Grant Reopening Soon:

<https://www.nfib.com/content/analysis/coronavirus/eidl-advance-grant-reopening-soon/>

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