



# Finance Relief Options for Small Businesses Impacted by COVID-19

An overview of loan, grant, and tax relief options for  
your small business

# Important Notice

The following presentation includes summarized information about the recently passed Coronavirus Aid, Relief, and Economic Security (CARES) Act.

The information presented today is believed to be current and accurate, but as the new legislation moves from law to implementation, there will be changes and further details that are revealed about each program and process described.

# Summary of 4 Financial Options

Financial Relief Option under CARES Act	Focus of Program / Option
Economic Injury Disaster Loan (EIDL)	Provides a loan to eligible businesses, including a forgivable \$10k amount for qualifying business expenses
Paycheck Protection Program (PPP)	Provides a loan with an emphasis on covering employee payroll costs, with a forgivable element when employees are retained or rehired.
SBA Small Business Debt Relief	Deferment of existing SBA 7(a) loans.
Employee Retention Tax Credit	Provides a 50% refundable tax credit on up to \$10,000 in wages per employee. For those who do not use the PPP.

# Economic Injury Disaster Loan (EIDL)

<b>Eligibility</b>	<p>US businesses with &lt;500 employees. Sole proprietors or independent contractors, as well as tribal businesses, cooperatives, and ESOPs &lt;500 employees and all private non-profit organizations.</p> <p>Must be a business that is Federally legal, and applicants cannot have an eligibility exclusion (see next slide). Must have been in business prior to 1/31/20</p>
<b>Details / Specs</b>	<ul style="list-style-type: none"><li>• Approved by the SBA; can be based solely on an applicant's credit score.</li><li>• Loans &lt; \$200k can be approved without a personal guarantee but may take a general security interest in business property. Collateral not needed for loans &lt;\$25k</li><li>• Payments begin 12 months from loan date.</li><li>• Interest rate 3.75%, term up to 30 yrs.</li></ul>
<b>Forgiveness Terms</b>	<p>Borrowers can receive up to \$10,000 as a forgivable loan advance if spent on paid leave, maintaining payroll, increased costs due to supply chain disruption, mortgage or lease payments or repaying obligations that cannot be met due to revenue loss.</p>
<b>Application Process</b>	<p>Applicants apply directly online with the SBA <a href="https://covid19relief.sba.gov/#/">https://covid19relief.sba.gov/#/</a></p>



# Economic Injury Disaster Loan (EIDL)

<b>Notice</b>	<p>As the EIDL application system changed on Monday 3/30/20, if you submitted your application before this date, it is recommended you reapply through the new portal.</p> <p>The \$10k advance against the loan option was implemented with the revised portal opening.</p>
<b>Follow-Up</b>	<p>After application submittal, it is recommended you follow-up ( 1 week ) with the SBA to determine your EIDL application's status:</p> <p>1-800-659-2955</p> <p><a href="mailto:disastercustomerservice@sba.gov">disastercustomerservice@sba.gov</a></p>

# Economic Injury Disaster Loan (EIDL)

## Further Exclusions for EIDLs

### Review and Check All of the Following:

Applicant must review and check all the following (If Applicant is unable to check all of the following, Applicant is not an Eligible Entity):

- Applicant is not engaged in any illegal activity (as defined by Federal guidelines).
- No principal of the Applicant with a 50 percent or greater ownership interest is more than sixty (60) days delinquent on child support obligations.
- Applicant is not an agricultural enterprise (e.g., farm), other than an aquaculture enterprise, agricultural cooperative, or nursery.
- Applicant does not present live performances of a prurient sexual nature or derive directly or indirectly more than de minimis gross revenue through the sale of products or services, or the presentation of any depictions or displays, of a prurient sexual nature.
- Applicant does not derive more than one-third of gross annual revenue from legal gambling activities.
- Applicant is not in the business of lobbying.
- Applicant cannot be a state, local, or municipal government entity and cannot be a member of Congress.

# Paycheck Protection Program (PPP)

<b>Eligibility</b>	<p>All businesses – including non-profits, veteran organizations, Tribal business concerns, sole props, self-employed individuals, and independent contractors – with 500 or fewer employees.</p> <p>Certain industries with &gt;500 employees may be eligible depending on SBA size standards.</p>
<b>Details / Specs</b>	<ul style="list-style-type: none"><li>• Applicants can qualify for 2.5x monthly payroll amount (based on annualized figure, with a \$10m limit)</li><li>• Can use loan funds for payroll/benefits. Also can be used for interest on mortgage, rent and utilities (if expenses started before Feb 15<sup>th</sup>, 2020).</li><li>• Payments are deferred for 6 months</li><li>• Interest rate 1.0%, term of 2 yrs.</li></ul>
<b>Forgiveness Terms</b>	<ul style="list-style-type: none"><li>• Borrowers can be forgiven on up to 8 weeks of eligible expenses, from date of loan. Eligible expenses are payroll costs, mortgage interest, rent and utilities. Treasury expects 75% of these expenses to be payroll related.</li><li>• Headcount &amp; Payroll levels must be maintained. Rehire by June is ok.</li></ul>
<b>Application Process</b>	<p>SBA 7(a) lenders, typically banks and credit unions, manage the PPP application process.</p> <p>Payroll documentation, like IRS Forms 940 &amp; 941, summary reports and breakdown of payroll benefits may be required</p>

# Paycheck Protection Program (PPP)

**What do I need to certify?** As part of your application, you need to certify in good faith that:

- Current economic uncertainty makes the loan necessary to support your ongoing operations.
- The funds will be used to retain workers and maintain payroll or to make mortgage, lease, and utility payments.
- You have not and will not receive another loan under this program.
- You will provide to the lender documentation that verifies the number of full-time equivalent employees on payroll and the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight weeks after getting this loan.
- Loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.
- All the information you provided in your application and in all supporting documents and forms is true and accurate. Knowingly making a false statement to get a loan under this program is punishable by law.



# Additional notes on EIDL & PPP Loan Programs

It is possible for a business to apply for both the EIDL & the PPP Loan option

- A business cannot claim the same expenses for both programs (i.e. no double dipping)
- Reminder: EIDL is applied for through the SBA's online application. PPP is applied for through SBA 7(a) lenders, typically banks and credit unions.

The loans have different terms, so calculating the option and benefits for each is recommended, where eligible.

# SBDC Guidance on Loans & Preparation

- Understand eligibility terms of programs & the intent of each program
- Have your financial information (income statements, tax records, etc.) ready and current to avoid delays
- Applying for these loans does not obligate you to take them
- Review the fine print on loan materials to understand their terms, timeframes, and requirements for forgiveness
- Funding is limited under the CARES Act, and could run out, depending on additional stimulus actions from Congress

# Small Business Debt Relief Program

- Businesses that have existing SBA (non-disaster) 7(a) loans will be provided debt relief for six months.
  - SBA 504 Loans and SBA microloans \*may\* also be eligible
- SBA will cover the entire loan payment for this duration.
- Includes loans that are taken within 6 months of the law signing.
- Specific implementation details are still being defined by the SBA
- Note: For existing SBA Disaster Loans, loans will be put into automatic deferment

# Employee Retention Tax Credit

<b>Eligibility</b>	<ul style="list-style-type: none"><li>• Available to all businesses and tax-exempt organizations, where either:<ul style="list-style-type: none"><li>• Business is fully or partially suspended due to a government order during COVID-19 outbreak, OR</li><li>• Business has a decline of 50%+ of gross receipts, until gross receipts recover to 80% of a quarter in a prior year (2019)</li></ul></li><li>• Business cannot also be using the Paycheck Protection Program</li></ul>
<b>Details / Specs</b>	<p>The ERTC allows a 50% refundable tax credit on up to \$10,000 in wages per employee.</p> <p>Eligible Employers may claim the Employee Retention Credit for qualified wages that they pay after March 12, 2020, and before January 1, 2021.</p> <p>The CARES Act also created an advance option for this credit, which can be applied for via the attached form (7200), which is the same form used for employers seeking relief for Sick Leave/FMLA.</p>
<b>Application Process</b>	<p>Eligible Employers will report their total qualified wages and the related credits for each calendar quarter on their federal employment tax returns, usually Form 941, Employer's Quarterly Federal Tax Return.</p> <p>For the advance, follow IRS instructions (Form 7200). More information available at: <a href="https://www.irs.gov/newsroom/irs-employee-retention-credit-available-for-many-businesses-financially-impacted-by-covid-19">https://www.irs.gov/newsroom/irs-employee-retention-credit-available-for-many-businesses-financially-impacted-by-covid-19</a></p>





# Thank You for Attending!



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## Questions?

### Next Steps:

- File Applications With the SBA:
- File Applications With SBA 7(a) Lenders:
- Sign-up for Upcoming Business Trainings:
- Sign-up for Meeting With a SBDC Adviser

A Survey Regarding This Webinar Will Be Sent To You.  
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