

Lynam & Associates

Emergency Relief Offered to Small Businesses Under the CARES Act

	Paycheck Protection Program (PPP)	Economic Injury Disaster Loans (EIDL)	50 % Employee Retention Credit
Loan/Credit Amount	<ul style="list-style-type: none"> Loans can be for up to two months of your average monthly payroll costs from the last year plus an additional 25% of that amount, up to \$10M Payroll costs will be capped at \$100,000 annualized for each employee. 	<ul style="list-style-type: none"> Up to \$2M, based on actual economic injury from COVID-19, as determined by the SBA <p>NOTE: This loan was first made available in late January following President Trump's declaration of a national emergency</p>	<ul style="list-style-type: none"> 50% of qualified wages paid quarterly to employees. The maximum amount of qualified wages taken into account with respect to each employee for each calendar quarter is \$10,000, so that the maximum credit for an Eligible Employer for qualified wages paid to any employee is \$5,000.
Eligible Businesses	<ul style="list-style-type: none"> All small businesses in operation as of 2/15/20 with fewer than 500 employees NAICS 72 sector businesses with more than 500 employees 501(c)(19) veteran groups, 501(c)(3)s, and tribal businesses with fewer than 500 employees Self-employed individuals Independent contractors Sole proprietorships 	<ul style="list-style-type: none"> All SBA qualified small businesses and cooperatives 500 or fewer employees Private nonprofit organizations ESOPs fewer than 500 employees Independent contractors Sole proprietorships Tribal businesses 	<p>Any business that has carried on a trade or business during calendar year 2020, including a tax-exempt organization, that either:</p> <ul style="list-style-type: none"> Fully or partially suspends operation during any calendar quarter in 2020 due to orders from an appropriate governmental authority limiting commerce, travel, or group meetings (for commercial, social, religious, or other purposes) due to COVID-19; or Experiences a significant decline in gross receipts during the calendar quarter. <p>NOTE: Self-employed individuals are not eligible for this credit for their self-employment services or earnings</p>
Application Process	<ul style="list-style-type: none"> Issued directly by SBA-approved banks 100% guaranteed by SBA Loan fees waived 	<ul style="list-style-type: none"> Issued by the SBA, approval solely on credit score and financial need Loan fees, requirement to show need, and one-year of operations waived Allow minimum of 90 days for processing 	<ul style="list-style-type: none"> Eligible Employers will report their total qualified wages and the related credits for each calendar quarter on their federal employment tax returns
Collateral	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Required for loans more than \$25,000 	<ul style="list-style-type: none"> NA
Personal Guarantee	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Required for loans more than \$200,000 	<ul style="list-style-type: none"> NA
Interest	<ul style="list-style-type: none"> 4% Cap 	<ul style="list-style-type: none"> 3.75% for businesses; 2.75% for nonprofits 	<ul style="list-style-type: none"> NA
Forgiveness/ Grants	<ul style="list-style-type: none"> SBA will provide eight weeks of loan forgiveness for funds applied to payroll cost, mortgage interest, rent, and utility expenses between 2/15/20 – 6/30/20 Your loan forgiveness will be reduced if you decrease your employee headcount or if you 	<ul style="list-style-type: none"> SBA will provide up to \$10,000 in emergency grants to EIDL applicants that need it (requires separate application) Applicants do not need to repay the grants even if the loan application is denied 	<ul style="list-style-type: none"> NA

	decrease salaries and wages by more than 25% for any employee that made less than \$100,000		
Deferred Payments	<ul style="list-style-type: none"> • Automatic deferral of principal/interest payments for six months to one year 	<ul style="list-style-type: none"> • Automatic deferral of principal/interest for all of 2020; up to one year 	<ul style="list-style-type: none"> • NA
Uses	<ul style="list-style-type: none"> • Working capital, refinance existing debt, etc., but forgiveness only provided if used for costs described above • Not more than 25% of the forgiven amount may be for non-payroll costs 	<ul style="list-style-type: none"> • Fixed debts, payroll accounts, real estate payments, accounts payable, and some other operating expenses that could have been paid had the disaster not occurred 	<ul style="list-style-type: none"> • The credit is allowed against the employer portion of social security taxes under section 3111(a) of the Internal Revenue Code (the “Code”) • In anticipation of receiving the credits, Eligible Employers can fund qualified wages by accessing federal employment taxes, including withheld taxes, that are required to be deposited with the IRS or by requesting an advance of the credit from the IRS
Availability	<ul style="list-style-type: none"> • Only until 6/30/20 • The application is now available, which we can provide, and the program opens 4/3/2020. 	<ul style="list-style-type: none"> • Grants only available until 12/31/20 	<ul style="list-style-type: none"> • This Employee Retention Credit applies to qualified wages paid after March 12, 2020, and before January 1, 2021 • Employer may not receive the Employee Retention Credit if receiving loan under the PPP

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