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Guidance on Small Business Loans, Tax Incentives, Benefits to Workers

Over the past week, a variety of government agencies have issued new guidance, rules and applications for new programs and policies related to actions by Congress to address the COVID-19 crisis. IDFA has assembled helpful guidance, fact sheets and webinars to help our members navigate these new programs and offerings.

Relief for Small Businesses

The CARES Act provided additional funding to the Small Business Administration (SBA) that can be used to help small businesses during the COVID-19 pandemic.

- General Guidance:
    - For a short description of the various SBA assistance programs, go to https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources#section-header-0. The SBA website includes information on the Paycheck Protection Program, Economic Injury Disaster Loans and Loans Advance, SBA Debt Relief, SBA Express Bridge Loans, Guidance for Business and Employers, SBA Products and Resources, Government Contracting and Local Assistance. Find local assistance: https://www.sba.gov/local-assistance/find/?type=SBA%20District%20Office&pageNumber=1

- The Paycheck Protection Program (PPP) is intended to help small businesses keep their workforce employed during COVID-19. With this direct incentive available through June 30, 2020, SBA will forgive a portion of the loan loans if all employees are kept on the payroll for 8 weeks and the money is used for payroll, rent, mortgage interest, or utilities. According to SBA, under this program:
    - Eligible recipients may qualify for a loan up to $10 million determined by 8 weeks of prior average payroll plus an additional 25% of that amount.
    - Loan payments will be deferred for six months.
    - If you maintain your workforce, SBA will forgive the portion of the loan proceeds that are used to cover the first 8 weeks of payroll and certain other expenses following loan origination.

- Resources for SBA's PPP program:
    - SBA's PPP website: https://www.sba.gov/funding-programs/loans/paycheck-protection-program-ppp
    - SBA's interim final rule: https://home.treasury.gov/system/files/136/PPP--IFRN%20FINAL.pdf
    - Downloadable sample application form: https://www.sba.gov/document/sba-form--paycheck-protection-program-ppp-sample-application-form
    - IRS guidance: https://home.treasury.gov/policy-issues/top-priorities/cares-act/assistance-for-small-businesses
    - The U.S. Chamber of Commerce Checklist about the PPP program: https://www.uschamber.com/sites/default/files/023595_comm_corona_virus_smallbiz_loan_final.pdf

- SBA Economic Injury Disaster Loans: This SBA loan is offered in designated states and provides low-interest federal disaster loans for working capital to small businesses suffering substantial economic injury as a result of COVID-19.
  - https://www.sba.gov/disaster-assistance/coronavirus-covid-19
  - To apply, click https://covid19relief.sba.gov/#/
  - The U.S. Chamber of Commerce published a downloadable guide to help businesses, renters and homeowners understand eligibility and program parameters in declared disaster areas uschamber.com/eidl

- General Guidance to Small Businesses: The National Federation of Independent Business (NFIB) provides a recorded webinar to walk business owners and employers through the small business grants, forgivable loans and tax relief. The webinar also briefly discusses the Department of Labor's small business exemption for the new extended sick leave and family medical leave law:
  - Webinar: https://www.nfib.com/webinars/nfib-coronavirus-webinar-part-iii-financial-resources-and-updates-for-small-business/

Navigating the Internal Revenue Service

Please note, the deadlines to FILE and PAY federal income taxes are extended to July 15, 2020. As the IRS adjusts filing deadlines and implements new tax laws in response to COVID-19, all business should frequently visit the IRS website for updates.

- General IRS Resources:
  - https://www.irs.gov/coronavirus (and in Spanish at https://gobierno.usa.gov/coronavirus)
  - The Department of Treasury also has information available at Coronavirus: Resources, Updates, and What You Should Know: https://www.irs.gov/pub/irs-drop/n-20-21.pdf

- Employee Retention Tax Credit: The CARES Act is designed to encourage Eligible Employers to keep employees on their payroll, despite experiencing economic hardship related to COVID-19, with an employee retention tax credit.
  - Learn more: https://www.irs.gov/newsroom/faqs-employee-retention-credit-under-the-cares-act
  - The U.S. Chamber of Commerce has prepared a useful guide for employers, explaining who is eligible, how much is the tax credit, which employees count towards eligibility and how the credit is paid. https://www.uschamber.com/sites/default/files/uscc_covid19_employee-retention-tax-credit.pdf
  - The National Association of Manufacturers issued a helpful fact sheet: http://documents.nam.org/comm/CARES%20Act%20Small%20Business%20Loan%20Tax.pdf?_zs=XkDad1&_zl=Ejee6

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- <u>Tax Credits for Sick Leave</u>: Families First Coronavirus Relief Act (FFCRA) requires certain employers to pay sick or family leave wages to employees who are unable to work or telework due to certain circumstances related to COVID-19. Employers are entitled to a refundable tax credit for the required leave paid, up to specified limits.
  - Learn more from the IRS with this fact sheet and FAQ: https://www.irs.gov/newsroom/covid-19-related-tax-credits-for-required-paid-leave-provided-by-small-and-midsize-businesses-faqs

Offerings by the Department of Labor

The Department of Labor's Wage & Hour Division (WHD) issued a temporary regulation implementing the new paid sick leave and expanded family medical leave provisions of the Families First Coronavirus Response Act (FFCRA).

- <u>General Guidance</u>:
  - https://www.dol.gov/agencies/whd/pandemic
  - A recorded webinar provides a more in-depth description: https://dolwhd.cosocloud.com/pawkgwfawza0/?proto=true