

Employers: Call to Action, Contact SBA (Small Business Administration) and Initiate Application ASAP

SBA Economic Injury Disaster Loan (EIDL) Grants to Small Businesses

How does it work?

- Provides Economic Injury Disaster Loan (EIDL) Grants to small businesses (defined as 500 or fewer employees) and nonprofit 501c(3) organizations
- The program is retroactive to February 15, 2020, to help bring workers back to payroll who have been laid off; EIDL Loan Program and Grants available through SBA
- EIDL applicants can request an advance of not more than \$10,000 which SBA is required to distribute within three days after the Administrator receives the application
- Advance payment may be used for employee paid sick leave payroll, increased costs to obtain materials, rent or mortgage payments, and repay obligations that cannot be met due to revenue losses; applicants are not required to repay advance payments, even if subsequently denied for an EIDL loan
- Loan period is February 15, 2020 – June 30, 2020
- Term: 3.75% for small businesses, 2.75% for nonprofits, with terms of up to 30 years
- Waived: for loans before Dec. 31, 2020, waives personal guarantee on advances and loans below \$200,000, the requirement to have been in business for one year before the disaster, and the credit elsewhere requirement

The loan can pay for:

- Providing paid sick leave to employees unable to work due to the direct effect of the COVID-19;
- Maintaining payroll to retain employees during business disruptions or substantial slowdowns;
- Meeting increased costs to obtain materials unavailable from the applicant's original source due to interrupted supply chains;
- Making rent or mortgage payments; and
- Repaying obligations that cannot be met due to revenue losses.

Limitation on Paid Leave

(Amends Leave Provisions in Families First Coronavirus Response Act)

- Employer is not required to pay more than \$200 per day and \$10,000 in the aggregate for each employee under the FMLA, for the purpose of taking care of a child due to school closure or if childcare is not available
- Employer is not required to pay more than \$511 per day and \$5,110 in the aggregate for sick leave or more than \$200 per day and \$2,000 in the aggregate to care for a quarantined individual or child for each employee under the Emergency Paid Sick Leave Act
- **Note: The Families First Coronavirus Response Act**
Employers are entitled to an advanceable, refundable tax credit equal to the amount of the paid emergency sick and family leave to fully offset the cost of the paid leave, up to 12 weeks total paid-sick (2 weeks) and family leave (10 weeks), with the intent to quickly provide a dollar-for-dollar tax offset against federal payroll taxes

Paid Leave for Rehired Employees

(Amends Leave Provisions in Families First Coronavirus Response Act)

- Allows an employee who was laid off by an employer March 1, 2020, or later to have access to paid family and medical leave in certain instances if they are rehired by the employer
- Employee would have had to work for the employer at least 30 days

Paycheck Protection Program (PPP)

(Note: Loans available through SBA and Treasury-approved banks, credit unions, and some nonbank lenders)

Loan Amount:

- Loan amount must be lesser of: \$10,000,000 or 250% of the borrower's average monthly payroll cost for the preceding year (two and a half months payroll; provisions for seasonal employers are included) plus the amount of any existing Section 7(b)(2) disaster loans eligible for refinancing
- "Credit elsewhere" and collateral requirements waived
- Requires eligible borrowers to make good faith certification that the loan is necessary due to the uncertainty of current economic conditions caused by COVID-19

Loan Forgiveness:

- Loans eligible for forgiveness equal to the amount spent by the borrower during an eight-week period after the origination date of the loan on payroll costs, interest payment on any mortgage incurred prior to February 15, 2020, payment of rent on any lease in force prior to February 15, 2020, and payment on any utility for which service began before February 15, 2020

- To encourage employers to rehire any employees who have already been laid off due to the COVID-19 crisis, borrowers that re-hire workers previously laid off will not be penalized for having a reduced payroll at the beginning of the period
- Canceled indebtedness will not be included in the borrower's taxable income

Other:

Employee Retention Credit (Available only to non-PPP loan recipients)

- Refundable payroll tax credit available for 50% of wages paid by employers to employees during the COVID-19 crisis for employers whose (1) operations were fully or partially suspended due to a COVID-19-related shutdown order, or (2) gross receipts decline by more than 50% when compared to the same quarter in the prior year — PERIOD: March 13, 2020 through December 31, 2020; available for the first \$10,000 of compensation per employee, including health benefits

Delay of Payment of Employer Payroll Taxes and Tax Filing

- Employers and self-employed individuals may defer payment of the employer share of the Social Security tax they otherwise are responsible for paying to the federal government; deferred employment tax may be paid over the following two years, with half of the amount required to be paid by December 31, 2021, and the other half by December 31, 2022 — Federal 2019 tax filing and payment deadline is extended from April 15, 2020 to July 15, 2020; same for most states

Modifications for Net Operating Losses (NOLs)

- Provides that an NOL arising in a tax year beginning in 2018, 2019, or 2020 can be carried back five years; temporarily removes the taxable income limitation to allow an NOL to fully offset income

Modification of Limitation on Business Interest

- Temporarily increases the amount of interest expense businesses are allowed to deduct on their tax returns, by increasing the limitation from 30% to 50% of taxable income (with adjustments) for 2019 and 2020

Technical Amendment Regarding Qualified Improvement Property

- Enables businesses to write off immediately costs associated with improving facilities instead of having to depreciate those improvements over the 39-year life of the building

Advance Refunding of Credits

- Allows employers to receive an advance tax credit from the US Treasury instead of having to be reimbursed

Employees: Call to Action, Work With Current or Former Employer to Tap CARES Act Job Retention Options

2020 Recovery Rebates for Individuals

- All U.S. residents with adjusted gross income up to \$75,000 (\$150,000 married), who are not a dependent of another taxpayer and have a work-eligible social security number, are eligible for the full \$1,200 (\$2,400 married) rebate; they are also eligible for an additional \$500 per child
- For the vast majority of Americans, no action on their part will be required in order to receive a rebate check as IRS will use a taxpayer's 2019 tax return if filed, or in the alternative, their 2018 return. This includes many low-income individuals who file a tax return in order to take advantage of the refundable Earned Income Tax Credit and Child Tax Credit
- The rebate amount is reduced by \$5 for each \$100 that a taxpayer's income exceeds the phase-out threshold. The amount is completely phased-out for single filers with incomes exceeding \$99,000, \$146,500 for head of household filers with one child, and \$198,000 for joint filers with children

Special Rules for Use of Retirement Funds

- Waives the 10% early withdrawal penalty for distributions up to \$100,000 from qualified retirement accounts for COVID-19-related purposes made on or after January 1, 2020
- Income attributable to such distributions would be subject to tax over three years, and the taxpayer may recontribute the funds to an eligible retirement plan within three years without regard to that year's cap on contributions and provides flexibility for loans from certain retirement plans for coronavirus-related relief

Coverage of Diagnostic Testing

- Preventive Services, and Vaccines for COVID-19
- Clarifies that all testing and future potential vaccines for COVID-19 are to be covered by private insurance plans without cost-sharing, including those tests without an Emergency Use Authorization by the FDA

Independent Contractors: Call to Action, Contact State or Local Unemployment Office and Apply for Enhanced Unemployment Benefits

Pandemic Unemployment Assistance (PUA)

- PUA: Emergency Increase in unemployment compensation benefits through December 31, 2020 — provides payment through 3/27/2020 to those not traditionally eligible for unemployment

benefits (self-employed, independent contractors, those with limited work history, and others) who are unable to work as a direct result of the COVID-19 crisis

- Provides an additional \$600 per week payment to each recipient of unemployment insurance or PUA for up to four months
- Provides an additional 13 weeks of unemployment benefits through December 31, 2020, to help those who remain unemployed after weeks of state unemployment benefits are no longer available

Additional Provisions for Independent Contractors

Emergency Economic Injury Disaster Loans (EIDL) Grants

- EIDL: Expands eligibility for access to include any individual operating as a sole proprietor or an independent contractor during the covered period (January 31, 2020 to December 31, 2020)

Paycheck Protection Program (PPP)

- PPP: Includes sole-proprietors, independent contractors, and other self-employed individuals as eligible for loans

Family and Medical Leave Provisions

- Extended to “eligible self-employed individuals” as defined in the law. Visit the [DOL website](#) for more information: <https://www.dol.gov/general/topic/workhours/fmla>

Additional Information

Small Business Administration helpful links:

- Information on and applications for SBA programs: www.sba.gov
- Small Business Administration Economic Injury Disaster Loan Program—view the timeline, filing requirements and a list of documents required: <https://www.sba.gov/funding-programs/disaster-assistance>
- For additional information, members can contact the SBA disaster assistance customer service center. 1-800-659-2955 (TTY: 1-800-877-8339) or e-mail disastercustomerservice@sba.gov
- Local Assistance Search Tool: <https://www.sba.gov/local-assistance/find/>

Emergency Sick and Family Leave Program

- Goes into effect April 1, 2020 — For the most recent information, see <https://www.dol.gov/agencies/whd/pandemic>

Treasury and IRS Guidance on Deferring Tax Filing, Payments and Compliance Action

- IRS Guidelines for COVID-19 relief: <https://www.irs.gov/newsroom/treasury-irs-and-labor-announce-plan-to-implement-coronavirus-related-paid-leave-for-workers-and-tax-credits-for-small-and-midsize-businesses-to-swiftly-recover-the-cost-of-providing-coronavirus>

Unemployment Benefit Expanded to Cover COVID-19 Related Worker Displacement

- Managed at the state level. Members should consult their [state department of labor](https://www.dol.gov/agencies/whd/state/contacts) for details: <https://www.dol.gov/agencies/whd/state/contacts>

NAMM is monitoring and providing members with information about COVID-19, including guidance from the World Health Organization, the Centers for Disease Control (“CDC”), and federal, state, and local government authorities and health officials; this information continues to change. As a service to its members, NAMM seeks to provide information that is helpful, accurate and up to date to the best of its knowledge. Information presented is not professional medical, legal or financial advice. NAMM members are encouraged to contact their professional advisors, as needed and desired, to plan and take action based on information provided.



The Three Step Process: Disaster Loans

About Disaster Loans

The U. S. Small Business Administration (SBA) provides low-interest, long-term disaster loans to businesses of all sizes, private non-profit organizations, homeowners, and renters to repair or replace uninsured/underinsured disaster damaged property. SBA disaster loans offer an affordable way for individuals and businesses to recover from declared disasters.

STEP 1: Apply for Loan

- Apply: 1) online; 2) in-person at a disaster center; or 3) by mail.
- Apply online at the SBA's secure website disasterloan.sba.gov/ela.
- As a business of any size, you may borrow up to \$2 million for physical damage.
- As a small business, small agricultural cooperative, small business engaged in aquaculture, or private non-profit organization you may borrow up to \$2 million for Economic Injury.
- As a small business, you may apply for a maximum business loan (physical and EIDL) of \$2 million.
- As a homeowner you may borrow up to \$200,000 to repair/replace your disaster damaged primary residence.
- As a homeowner or renter, you may borrow up to \$40,000 to repair/replace damaged personal property.

STEP 2: Property Verified and Loan Processing Decision Made

- SBA **reviews your credit** before conducting an inspection to verify your losses.
- An SBA verifier will **estimate** the total physical loss to your disaster damaged property.
- A loan officer will determine your **eligibility** during processing, after reviewing any insurance or other recoveries. SBA can make a loan while your insurance recovery is pending.
- A loan officer works with you to provide all the necessary information needed to reach a loan determination. Our goal is to arrive at a decision on your application within 2 - 3 weeks.
- A loan officer will contact you to discuss the loan recommendation and your next steps. You will also be advised in writing of all loan decisions.

STEP 3: Loan Closed and Funds Disbursed

- SBA will prepare and send your Loan Closing Documents to you for your signature.
- Once we receive your signed Loan Closing Documents, an initial disbursement will be made to you within 5 days:
 - Physical damage:
 - \$25,000
 - Economic injury (working capital):
 - \$25,000 (In addition to the Physical damage disbursement)
- A case manager will be assigned to work with you to help you meet all loan conditions. They will also schedule subsequent disbursements until you receive the full loan amount.
- Your loan may be adjusted after closing due to your changing circumstances, such as increasing the loan for unexpected repair costs or reducing the loan due to additional insurance proceeds.

For more information or to find a local disaster center, contact SBA's Customer Service Center at 1-800-659-2955 (TTY: 1-800-877-8339).

Required Documentation

The following documents are required to process your application and reach a loan decision. Your Loan Officer and Case Manager will assist you to ensure that you submit the proper documentation. Approval decision and disbursement of loan funds is dependent on receipt of your documentation.

BUSINESSES	HOMEOWNERS AND RENTERS
<ul style="list-style-type: none">• Business Loan Application (SBA Form 5) completed and signed by business applicant.• IRS Form 4506-T completed and signed by Applicant business, each principal owning 20% or more of the applicant business, each general partner or managing member and, for any owner who has more than a 50% ownership in an affiliate business. (Affiliates include business parent, subsidiaries, and/or businesses with common ownership or management).• Complete copies, including all schedules, of the most recent Federal income tax returns for the applicant business; an explanation if not available.• Personal Financial Statement (SBA Form 413) completed, signed and dated by the applicant (if a sole proprietorship), each principal owning 20% or more of the applicant business, each general partner or managing member.• Schedule of Liabilities listing all fixed debts (SBA Form 2202 may be used). <p>ADDITIONAL INFORMATION THAT MAY BE NECESSARY TO PROCESS YOUR APPLICATION:</p> <ul style="list-style-type: none">• Complete copies, including all schedules, of the most recent Federal income tax returns for each principal owning 20% or more of the applicant business, each general partner or managing member, and each affiliate when any owner has more than a 50% ownership in the affiliate business. Affiliates include, but are not limited to, business parents, subsidiaries, and/or other businesses with common ownership or management.• If the most recent Federal income tax return has not been filed, a year-end profit and loss statement and balance sheet for that tax year is acceptable.• A current year-to-date profit and loss statement.• Additional Filing Requirements (SBA Form 1368) providing monthly sales figures.	<ul style="list-style-type: none">• Home Loan Application (SBA Form 5c) completed and signed by Applicant and Co-Applicant.• IRS Form 4506-T completed and signed by Applicant and Co-Applicant. <p style="text-align: center;">APPLY FOR ASSISTANCE AT disasterloan.sba.gov/ela</p> <p style="text-align: center;"></p> <p style="text-align: center;">Or Call 1-800-659-2955 (SBA Customer Service Center) 1-800-877-8339 (TTY: Deaf and Hard-of-Hearing)</p>

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sba.gov/disaster

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