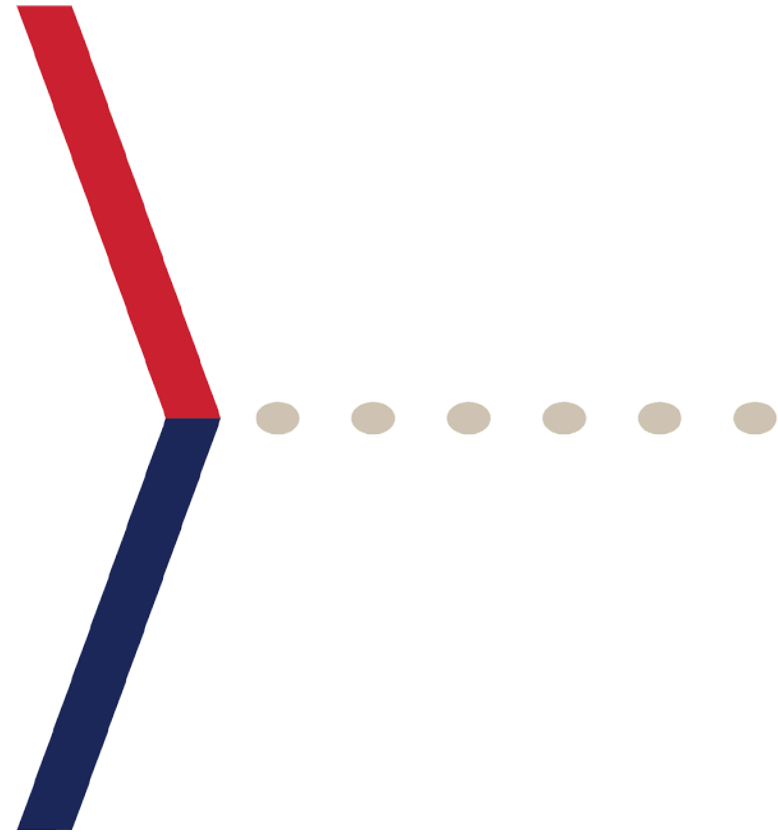


Economic Injury Disaster Loan (EIDL) Program





What is the EIDL Program?

Low-interest loans to small businesses or private, non-profit organizations that suffer substantial economic injury as a result of a declared disaster.



Who is Eligible for the EIDL Program Now?

Declared Disaster Areas

- Small Businesses (not more than 500 employees)
- Sole proprietorships, with or without employees
- Independent contractors
- Cooperatives and employee owned businesses
- Tribal small businesses
- **501(c)(6) entities provided they aren't "in the business of lobbying"**



Allowable Uses of EIDL Loans

EIDL loans may be used for payroll and other costs as well as to cover increased costs due to supply chain interruption, to pay obligations that cannot be met due to revenue loss and for other uses.



NEW: EIDL Emergency Grant

CARES Act created an EIDL Emergency Grant

- Applicants can request advances of up to \$10k to be provided within 3 days
- Allowable uses for emergency grant monies:
 - providing paid sick leave to employees
 - maintaining payroll to retain employees
 - meeting increased costs to due to interrupted supply chains
 - making rent or mortgage payments
 - repaying obligations that cannot be met due to revenue losses
- Repayment Requirement – **no repayment requirement regardless of whether you are subsequently denied an EIDL loan.**

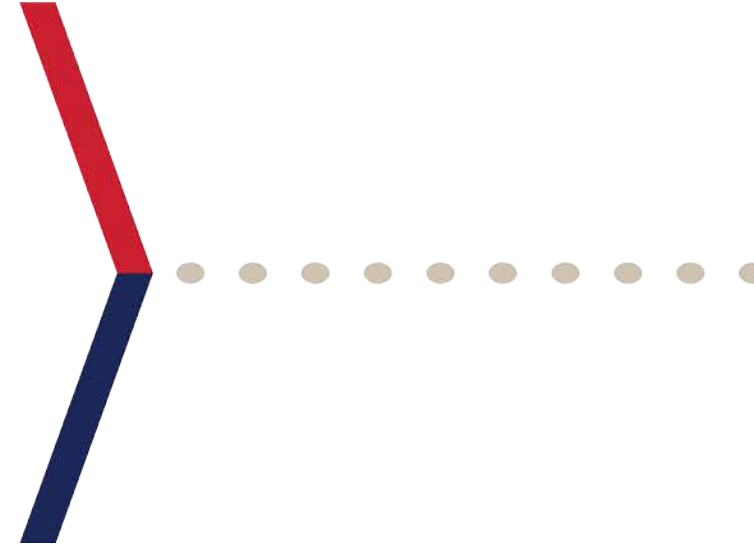


How to Apply

Apply directly through the SBA website or mail

sba.gov/disaster

Paycheck Protection Program (PPP)





What is the Paycheck Protection Program?

- Direct incentive for small businesses to keep their workers on the payroll
- Any loan payments will be deferred for six months
- No collateral or personal guarantees are required
- No fees
- 0.50% fixed interest rate
- Due in 2 years, no prepayment penalties or fees
- Possibility of loan forgiveness



Who is Eligible

- Small businesses with fewer than 500 employees
- 501(c)(3) nonprofits with fewer than 500 employees
- Sole proprietors
- Independent contractors
- Self-employed individuals
- Tribal businesses that meet SBA's size standards
- 501(c)(9) Veterans organizations that meet SBA's size standard



Eligible Expenses

- Payroll costs
- Certain costs related to the continuation of group health care benefits
- Employee salaries (including commissions)
- Mortgage, rent and utilities payments
- Interest on any other debt obligations that were incurred before the covered period



Certifications and Documentation

- An applicant will certify that:
 - Current economic conditions make this loan necessary to support ongoing operations
 - The loan will be used for eligible expenses
 - The applicant does not have another loan application in for the same purposes as the loan they're applying for
 - The applicant has not or will not receive a loan for the same purposes as the loan they're apply for between Feb. 15 through Dec. 31, 2020
- Provide payroll documentation



Fully Forgivable Loans

- Fully forgiven when used for payroll costs, interest on mortgages, rent, and utilities
- Due to likely high subscription, at least 75% of the forgiven amount must have been used for payroll
- Loan forgiveness will be reduced if a borrower decreases their full-time employee headcount
- Loan forgiveness will also be reduced if a borrower decreases salaries and wages by more than 25% for any employee that made less than \$100,000 annualized in 2019



Payroll Costs for Loan Forgiveness

- Salary, wages commissions, or tips (capped at \$100,000 per employee on an annual basis)
- Employee benefits
- State and local taxes assessed on compensation
- For sole proprietor or independent contractor: wages, commissions, income, or net earnings from self employment



Loan Limits

- Loans can be for up to two months of the applicant's average monthly payroll costs from the last year plus an additional 25% of that amount
- Subject to a \$10 million cap
- If the applicant is a seasonal or new business, they will use different applicable time periods for their calculations



How Long Will the Program Last?

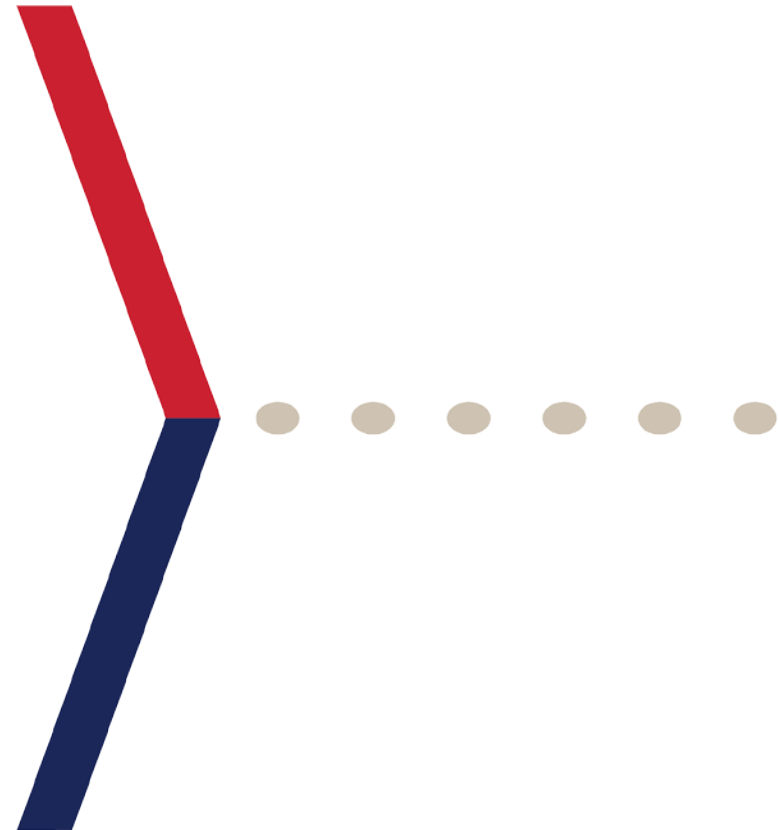
- Applications open:
 - Friday, April 3 for small businesses and sole proprietorships
 - Friday, April 10 for independent contractors and self-employed individuals
- The program will be open until June 30
- Funds expected to go quickly



How to Access this Program

- Any existing SBA lender any federally insured depository institution, federally insured credit union, and Farm Credit System institution
- More guidance to come from SBA on where participating lenders are located
- Local assistance finder tool: sba.gov/local-assistance

Tax Changes to Promote Economic Stabilization





IRS Filing Deadline Changes

- Applies only to
 - Returns and payments due April 15th, 2020
 - Taxable year 2019
- Does not apply to
 - Payroll or excise taxes (relief in subsequent legislation)
 - State tax liabilities
- Applies to Forms 1040, 1041, 1120, 8960, 8991
- Do not delay if you expect to get a refund—claim that cash



Recovery Rebates

\$1,200 one-time payment (plus \$500 per child) — mailed (or direct deposited) to every eligible taxpayer in the coming weeks.

Eligible recipients include taxpayers with adjusted gross income up to \$75,000 (single)/\$112,500 (head of household)/\$150,000 (joint filers).

The rebate is phased out for taxpayers with higher incomes and is completely phased out for single filers, heads of household, and joint filers with incomes above \$99,000, \$136,500, and \$198,000, respectively.



Medical & Sick Leave Credits

Congress has adopted a new mandate on all employers requiring 10-days of paid sick leave for employees affected by COVID-19. In addition, employees may be eligible for 12-weeks of paid leave under the Family and Medical Leave Act if their son or daughter's school closes or they otherwise have child care issues due to COVID-19. These mandates take effect on April 1.

To offset these costs, businesses can claim a tax credit to fully offset all wages, including employer-paid health insurance costs, paid out under this new mandate. To speed up delivery of the credits, Congress has recently added the ability for employers to get an advance refund on these credits.



Employee Retention Credits

Eligible employers are allowed a credit equal to 50% of qualified wages with respect to each employee, on a quarterly basis.

To be eligible, you must have:

1. The operation of the trade or business is fully or partially suspended due to orders from an appropriate governmental authority, or
2. The trade or business experiences a significant decline in gross receipts, with a 50% decline in gross receipts when compared to the same quarter in the prior year.

Maximum wages, including health insurance benefits, eligible for the credit for all calendar quarters is \$10,000.



Payroll Tax Delay

Employers and self-employed individuals may defer payment of the employer share of Social Security taxes they are responsible for paying.

This allows employers to save temporarily the 6.2% social security tax on wages.

This is not a payroll tax holiday. These deferred taxes must be repaid over the following two years. Half of the amount will be due by Dec. 31, 2021 and the other half by Dec. 31, 2022.



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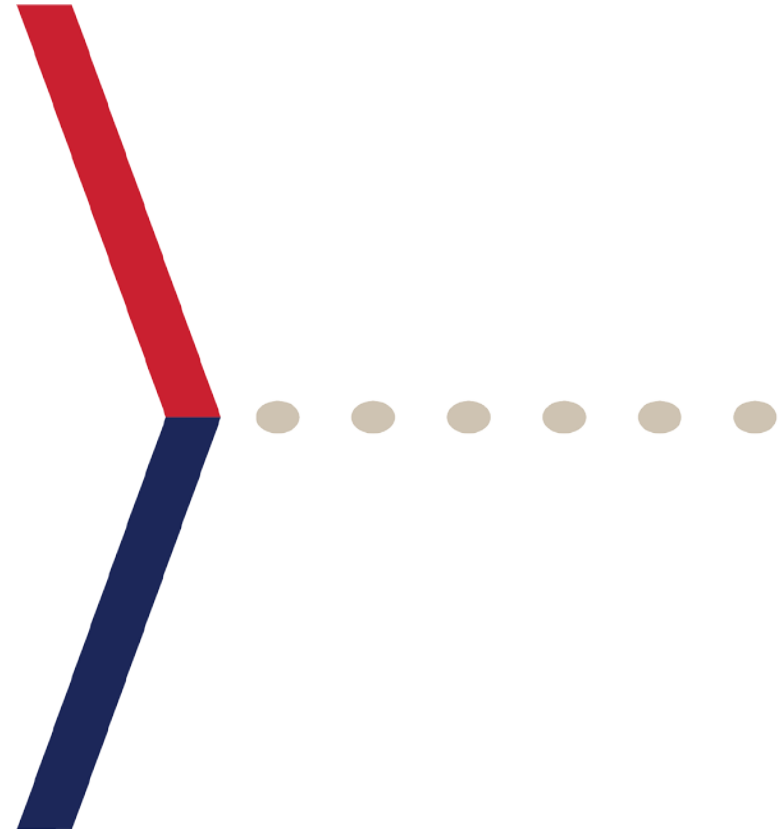
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Emergency Sick and Family Medical Leave





New temporary paid leave programs created in the FFCRA

Emergency Paid Sick Leave Act

Emergency Family and Medical Leave Expansion Act

- Both apply to all private employers with less than 500 employees.
- The cost of the paid leave is 100% reimbursable to the employer in the form of payroll tax credits (more on that later).
- These provisions went into effect April 1, 2020 and apply to leave taken between April 1 and December 31, 2020.



How does the sick leave program work?

An employer must provide each employee with 10 days paid sick leave if they are unable to work or telework due to COVID-19.

This new sick leave is IN ADDITION to any paid leave the employer already provides their workers (PTO, regular sick leave, etc).

The paid sick leave is available to all employees immediately, regardless of hire date.

Employers are required to post notices of employees' rights to paid sick leave (available on DOL's website) in the workplace.



How does the sick leave program work?

If these conditions apply...

- The employee is subject to a federal, state, or local quarantine or isolation related to COVID-19;
- The employee has been advised by a healthcare provider to self-quarantine due to concerns related to COVID-19; or
- The employee is experiencing symptoms of COVID-19 and seeking a medical diagnosis

Pay is capped at \$511 per day (and \$5,110 in aggregate) per employee.



How does the sick leave program work?

If these conditions apply...

- The employee is caring for an individual who is subject to one of the two reasons above;
- The employee is caring for their child if the school or place of care has been closed, or the childcare provider is unavailable, due to COVID-19 precautions; or
- The employee is experiencing any other substantially similar condition specified by the Secretary of Health and Human Services in consultation with the Secretary of Treasury and the Secretary of Labor

Pay is capped at \$200 per day (and \$2,000 in aggregate) per employee.



How does the family leave program work?

Employers must offer an additional 10 weeks paid leave to an employee who is unable to work or telework due to a need to care for their child under the age of 18 due to school closure or unavailability of child care due to COVID-19.

Paid leave is calculated based on no less than two-thirds of an employee's regular rate of pay and the number of hours the employee would otherwise normally be scheduled to work. However, pay is capped at \$200 per day (\$10,000 in aggregate) per employee.

The first 10 days of leave are unpaid. Employees can choose to substitute any other available leave for the unpaid period, but employers may not require them to do so.

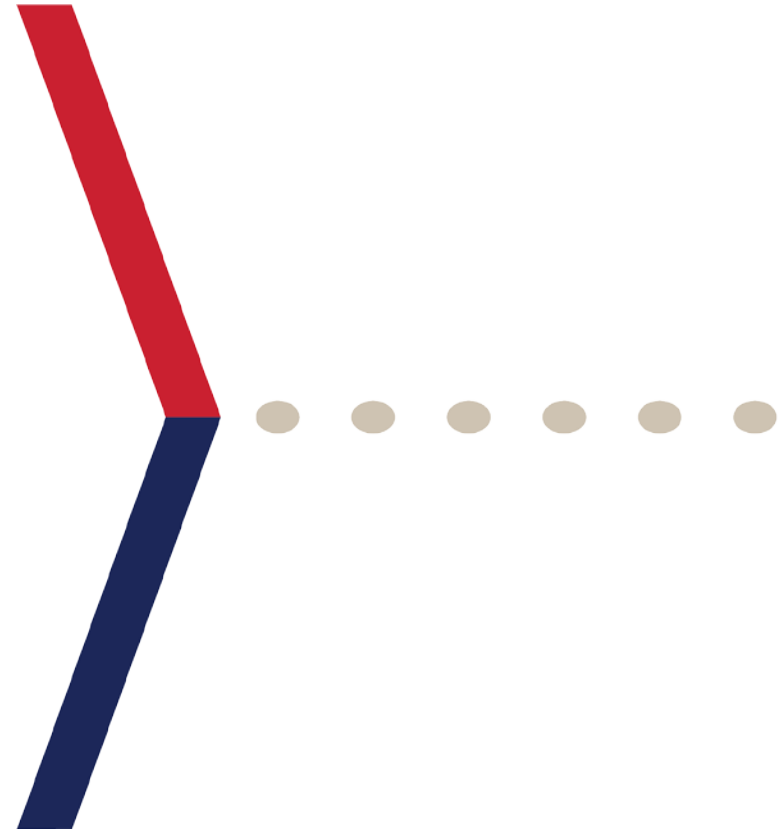


Can my business be exempted?

A business with 50 or fewer employees may seek exemption from providing an employee paid sick leave or family leave only if the leave is requested because a child's school is closed or care provider is unavailable due to COVID-19 related reasons; and if that employee serves an essential and irreplaceable function to the business that would hurt its operability.

Employers do not need to file for an exemption, but should maintain detailed documentation to support their claim.

Unemployment Insurance





Temporary expansion of UI benefits

Pandemic Unemployment Assistance (PUA) program

- Available to the self-employed and independent contractors
- Payments authorized for a maximum of 39 weeks, ending December 31, 2020.

Traditional unemployment insurance benefits extended an additional 13 weeks.

An additional \$600 per week is available for each recipient of traditional UI or PUA for the next 4 months.

The normal one-week waiting period for unemployment benefits is waived.

Nonprofits can get reimbursed for half the payments they make into a state's unemployment fund.



Expansion of STC programs

The CARES Act funds short-term compensation (STC) programs and allows states to create new programs for employers that are having to choose between laying off or furloughing their employees.

STC programs allow an employer to avoid layoffs by reducing the number of regularly scheduled hours of work for all (or some) workers during disruptions to regular business activity.

STC participants can continue working at their reduced hours/pay and also collect pro-rated unemployment benefits.