

Source: U.S. Small Business Administration AZ District Office, Treasury.gov, and USDA

## 2021 Emergency Relief Packages for Small Business

### ➤ Extension and Expansion of Employee Retention Tax Credit (ERTC)

Extended through July 1, 2021 to keep additional workers on payroll. Specific changes:

- Increases credit rate from 50% to 70%
- Raises limit on per-employee creditable wages from \$10K for the year to \$10K each quarter
- Expands eligibility by reducing year-over-year decline in gross receipts from 50% to 20%
- Modifies treatment as a "large employer" by increasing the relevant employee wage base from 100 employees to employers with 500 or fewer employees

### ➤ EIDL applications for all small businesses extended through December 31, 2021

EIDL is to be used for working capital | 30-year fixed at 3.75% or 2.75% for non-profits

Apply at: <https://covid19relief.sba.gov/#/>

SBA Disaster Customer Service Center: 800-659-2955 | [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov)

If denied, applicants have 6 months to provide a written reconsideration request with new information to [PDC.Reconsideration@sba.gov](mailto:PDC.Reconsideration@sba.gov). | Include the words in large, bold type at the top of the letterhead:

**REQUESTING RECONSIDERATION**

### ➤ EIDL Grant - \$20 BB

- Small businesses and non-profits in low income communities may receive \$10,000 grants.
- Any business that received an EIDL Advance previously is also eligible to receive the full \$10K if their award was less than \$10K in the first round of grants.

### ➤ SBA Debt Relief Extended - \$3.5BB

- SBA pays principal and interest on SBA 7(a), 504 and microloans for additional 3 months, starting in February 2021
- Applies to all borrowers with qualifying loans approved by the CARES Act
- Payments will be capped at \$9000 per borrower per month going forward.
- After the 3 months, borrowers considered to be underserved – smallest or hardest hit by pandemic – will receive an additional 5 months of P&I payments, also capped at \$9000 per borrower per month.
- SBA payments of P7I on first 6 months of newly approved loans will resume for all loans approved between Feb. 1 and Sept. 30, 2021, also capped at \$9000 per month.

### ➤ Enhancement of SBA Lending programs - \$2BB

- Provides \$57mm for SBA Microloan Program for technical assistance and leverage \$64mm in microloans for minority-owned and other underserved small businesses.

### ➤ Shuttered Venue Grant program - \$15BB

- SBA grants up to \$10mm to live venues, independent movie theaters, and cultural institutions. Can be used to cover expenses such as payroll, rent, utilities, and PPE.
- Two 14-day priority periods in the first 28 days of the program for eligible entities.
- Reserve fund of \$2BB available for entities ineligible for priority periods for entities with 50 or fewer employees. Supplemental grants may be made equal to 50% of initial grant.

### ➤ PPP Continuation extended through March 31, 2021

- **Creates a second loan called a PPP second draw** for smaller and harder-hit businesses
  - Fewer than 300 employees
  - Have used or will use the full amount of first PPP, and

- Demonstrate a least a 25% reduction in gross receipts in the 1<sup>st</sup>, 2<sup>nd</sup>, or 3<sup>rd</sup> quarter of 2020 vs the same period in 2019.
  - Applications submitted on or after Jan.1, 2021 may use gross receipts from 4<sup>th</sup> Quarter 2020
  - Creates dedicated \$15BB set-aside for lending through community financial institutions.
  - Creates a set-aside for small businesses with <10 employees and for entities located in distressed areas.
  - Expands eligibility to more critical access hospitals, local newspapers, TV and radio broadcasters, housing cooperatives, and **501(c)(6) nonprofits, including tourism orgs and chambers of commerce.**
  - Allows small restaurant and hospitality businesses to receive **3.5 times avg monthly payroll**
  - Covers **PPE expense**, costs associated with outdoor dining, and supplier costs as eligible forgivable expenses.
  - Simplifies forgiveness for loans <\$150K
  - **Repeals deducting an EIDL Advance from PPP Forgiveness**
- **Loan terms:**
    - Up to 2.5X average monthly payroll costs in the one year prior to the loan or the calendar year, but no loan greater than \$2million.
    - Seasonal employers may base loan amount on a 12-week period Feb. 15, 2019 – Feb. 15, 2020
    - New entities may receive loans up to 2.5X the sum of average monthly payroll costs
    - **NAICS code 72** industries (Accommodation & food service) may receive up to 3.5X average monthly payroll
    - Those with multiple locations that are eligible under initial PPP may not employ >300 in each physical location
    - Only one PPP second draw loan per eligible entity
    - Fees waived for both borrowers and lenders
    - For loans <\$150K, borrower may submit certification attesting that entity meets the revenue loss requirement on or before the date of submitting their forgiveness application.
    - Non-profits and veterans orgs may use gross receipts to calculate revenue loss standard.
  - **Eligible businesses:**  
For profit and certain non-profits, housing coops, veterans' organizations, tribal businesses, self-employed, sole proprietors, independent contractors, small agricultural co-operatives

## ➤ **PPP Forgiveness Applications and Tax treatment**

**Forgiven PPP loans will NOT be included in taxable income.**

The PPP forgiveness application must be done through the lender that extended the PPP loan. If a buyer does not remember who extended the loan or if their loan has been sold to a 3<sup>rd</sup> party processor, [email Jeri Denniston at the SBDC](#) for help to determine who their lender is.

[Frequently asked questions about PPP loan forgiveness](#)

## ➤ **Simpler PPP forgiveness application for loans under \$50,000**

Click [here](#) to view the simpler loan forgiveness application.

Click [here](#) to view the instructions for completing the simpler loan forgiveness application.

**Borrowers must apply through their lender and may use either the SBA Revised Form 3508S or the Lender's Forgiveness application. Since the application still asks for the EIDL advance amount and the EIDL Application Number, it is unclear if this is to be deducted from the total PPP loan or not as has been required so far.**

### **PPP loan forgiveness eligibility and limitations**

1. Sole proprietors, independent contractors, and self-employed individuals who had no employees at the time of the PPP application and did not include salaries in the computation of average monthly payroll qualify to use the Loan Forgiveness Application Form 3508EZ or lender equivalent.

2. Scanned copies of documents and E-signatures are allowed as loan forgiveness documentation.
3. Rent payments to a related party are allowed provided the payments are no more than the amount of mortgage interest owed on the property during the covered period attributed to the space rented for the business.

#### Assisting applicants with PPP loan inquiries:

If applicants submitted to multiple lenders/fintech companies and can't remember who they submitted their applications to or which one approved their PPP, contact the YC SBDC (sbdc@yc.edu) to provide the following information. We will forward to the SBA to look up the application:

- Applicant full name – first, last, middle initial if used
- Applicant business name as entered in PPP application
- EIN number of the business or owner's social security number
- 10-digit SBA number received upon successful submission of application

If a borrower wants to return the funds they received for either EIDL or PPP, they should write in the memo area of the check “**Repay EIDL Advance or EIDL or PPP funds**” and include the SBA loan number received for each loan. Mailing Address to send the check:

Small Business Administration  
721 19<sup>th</sup> St.  
Denver, CO 80202

#### Additional Employment Law information for Employers from Laura Hamblin, JD

1. **No Extension of FFCRA Leave Requirements.** The federal Families First Coronavirus Response Act (FFCRA) expires today—December 31, 2020—so the COVID-19 related paid sick time and family leave mandates for employers with less than 500 employees will no longer be in place. HOWEVER, the recent federal relief package allows covered employers to voluntarily provide emergency paid sick leave or emergency paid family leave under the FFCRA, and to take the tax credit associated with this leave through March 31, 2021. In other words, FFCRA leave is no longer required, but if covered employers voluntarily provide these leave benefits, they are eligible to take the tax credit for the leave. (The FFCRA poster is attached to this email if employers want to know the situations that would apply for tax credits.)
2. **Arizona Minimum Wage Increase for 2021.** The Arizona minimum wage is increasing from \$12.00 to \$12.15 hour effective 1/1/2021. The poster is attached to this email. The tipped wage will increase to \$9.15 hour. If employees work within the city limits of Flagstaff for at least 25 hours in the calendar year, they must be paid \$15.00 hour effective 1/1/2021, and the tipped rate will be \$12.00 hour.

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#### UPCOMING SBDC WEBINARS/PROGRAMS

- Wed. 1/6, 10 AM 10 Steps to Starting a Business in Arizona
- Wed 1/20 10 AM Hot Business Trends for 2021
- Launch of **Small Business Makeover Program** funded by CARES Act. Four application deadlines: 1/31, 2/28, 3/31, 4/30 [www.mybusinessmakeover.com](http://www.mybusinessmakeover.com)