

## Summaries of the Paycheck Protection Program & Employee Retention Tax Credit, as of 4/1/20

### Paycheck Protection Program

The Paycheck Protection Program prioritizes millions of Americans employed by small businesses by authorizing up to \$349 billion toward job retention and certain other expenses. Small businesses and eligible nonprofit organizations, Veterans organizations, and Tribal businesses described in the Small Business Act, as well as individuals who are self-employed or are independent contractors, are eligible if they also meet program size standards.

- For a top-line overview of the program [CLICK HERE](#)
- If you're a lender, more information can be found [HERE](#)
- If you're a borrower, more information can be found [HERE](#) and the application for borrowers can be found [HERE](#)

### **U.S. TREASURY DEPARTMENT OFFICE OF PUBLIC AFFAIRS**

**Press Release:** March 31, 2020  
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### **With \$349 Billion in Emergency Small Business Capital Cleared, Treasury and SBA Begin Unprecedented Public-Private Mobilization Effort to Distribute Funds**

WASHINGTON – Following President Trump's signing of the historic Coronavirus Aid, Relief, and Economic Security (CARES) Act, SBA Administrator Jovita Carranza and Treasury Secretary Steven T. Mnuchin today announced that the SBA and Treasury Department have initiated a robust mobilization effort of banks and other lending institutions to provide small businesses with the capital they need.

The CARES Act establishes a new \$349 billion Paycheck Protection Program. The Program will provide much-needed relief to millions of small businesses so they can sustain their businesses and keep their workers employed.

"This legislation provides small business job retention loans to provide eight weeks of payroll and certain overhead to keep workers employed," said Secretary Mnuchin. "Treasury and the Small Business Administration expect to have this program up and running by April 3rd so that businesses can go to a participating SBA 7(a) lender, bank, or credit union, apply for a loan, and be approved on the same day. The loans will be forgiven as long as the funds are used to keep employees on the payroll and for certain other expenses."

"This unprecedented public-private partnership is going to assist small businesses with accessing capital quickly. Our goal is to position lenders as the single point-of-contact for small businesses – the application, loan processing, and disbursement of funds will all be administered at the community level," said Administrator Carranza. "Speed is the operative word; applications for the emergency capital can begin as early as this week, with lenders using their own systems and processes to make these loans. We remain committed to supporting our nation's more than 30 million small businesses and their employees, so that they can continue to be the fuel for our nation's economic engine."

The new loan program will help small businesses with their payroll and other business operating expenses. It will provide critical capital to businesses without collateral requirements, personal guarantees, or SBA fees – all with a 100% guarantee from SBA. All loan payments will be deferred for six months. Most importantly, the SBA will forgive

the portion of the loan proceeds that are used to cover the first eight weeks of payroll costs, rent, utilities, and mortgage interest.

**The Paycheck Protection Program is specifically designed to help small businesses keep their workforce employed. Visit [SBA.gov/Coronavirus](https://www.sba.gov/coronavirus) for more information on the Paycheck Protection Program.**

- The new loan program will be available retroactive from Feb. 15, 2020, so employers can rehire their recently laid-off employees through June 30, 2020.

#### **Loan Terms & Conditions**

- Eligible businesses: All businesses, including non-profits, Veterans organizations, Tribal concerns, sole proprietorships, self-employed individuals, and independent contractors, with 500 or fewer employees, or no greater than the number of employees set by the SBA as the size standard for certain industries
- Maximum loan amount up to \$10 million
- Loan forgiveness if proceeds used for payroll costs and other designated business operating expenses in the 8 weeks following the date of loan origination (due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs)
- All loans under this program will have the following identical features:
  - Interest rate of 0.5%
  - Maturity of 2 years
  - First payment deferred for six months
  - 100% guarantee by SBA
  - No collateral
  - No personal guarantees
  - No borrower or lender fees payable to SBA

Visit [treasury.gov/cares](https://www.treasury.gov/cares) for more information on SBA's assistance to small businesses.

#### **Employee Retention Tax Credit**

CARES Act is the Employee Retention Tax Credit available to all businesses and tax-exempt organizations. You could take advantage of this in lieu of the SBA PPP Loan Program. It allows a 50% refundable tax credit on up to \$10,000 in wages per employee, per quarter. The conditions that need to be met are:

1. Business is fully or partially suspended due to a government order during COVID-19 outbreak, OR
2. Decline of 50%+ of gross receipts, until gross receipts recover to 80% of a quarter in a prior year (2019)

The CARES Act also created an advance option for this credit, which can be applied for via the attached form (7200). Again, this could be useful information for your respective organizations or your private sector members/Board members.

The IRS published various forms, guidance and FAQs related to the Employee Retention Tax Credit today. Overview: <https://www.irs.gov/newsroom/irs-employee-retention-credit-available-for-many-businesses-financially-impacted-by-covid-19>

FAQs: <https://www.irs.gov/newsroom/faqs-employee-retention-credit-under-the-cares-act>