

The Coronavirus Aid, Relief, and Economic Security Act of 2020 (The CARES Act)

Loan Information

Paycheck Protection Program

Covered Loan Period	Retroactive to February 12, 2020 through June 30, 2020.
Eligible Business	<p>Small Businesses, nonprofits that:</p> <ul style="list-style-type: none"> • Have less than 500 employees or the applicable standard set by SBA or sole proprietors, self employed individuals or independent contractors that were in business on February 15, 2020. • Small business concerns, as well as any business concerns, a 501(c)(3) non profit organization, a 501(c)(19) veterans organization, or Tribal business concern described in section 31(b)(2)(C) that has fewer than 500 employees, or the applicable size standard in number of employees for the North American Industry Classification System (NAICS) industry as provided by SBA, if higher. • Individuals who operate a sole proprietorship or as an independent contractor and eligible self-employed individuals. • Non-profits such as a 501(c)(3) or 501(c)(19) with 500 or fewer employees.
Maximum Loan Amount	<p>The lesser of:</p> <ul style="list-style-type: none"> • 2.5X average monthly payroll costs during the 1-year period before the date on which the loan is made or • \$10 million <p>*For new businesses, the measurement period is February 1, 2020</p>
Guarantees	Increases the government guarantee of 7(a) loans to 100 percent through December 31, 2020.
Allowable Uses	<ul style="list-style-type: none"> • Payroll costs • Health care benefits (including paid sick or medical leave and insurance premiums) • Mortgage interest obligations • Rent • Utility payments • Interest on other debt obligations incurred previous to February 15, 2020
Eligible Lenders	SBA and Department of Treasury are granted authority to determine additional lenders to administer the payment protection program loans.
Maturity Schedule	Maximum 10-year maturity after application for loan forgiveness.
Interest Rate	Not to exceed 4% (percent) during the covered period.
Payment Deferral	Not less than 6 months and not more than 1 year (including payment of principal, interest and fees)

Paycheck Protection Program

Terms of Loan Forgiveness	<ul style="list-style-type: none">• Loan recipients will be eligible for loan forgiveness for an 8-week period after the loans origination date in the amount equal to the sum of the following costs incurred during that period:<ul style="list-style-type: none">• Payroll costs (compensation over \$100,00 excluded)• Payment of interest on mortgage obligation, rent obligations, utility payments.• The amount forgiven cannot exceed the amount borrowed.• The loan forgiveness will be proportionally reduced if the average number of employees is reduced during the covered period compared to the same period in 2019.• The amount of loan forgiveness will be reduced by the amount of any reduction in total employee salary or wages during the covered period that is in excess of 25% (percent) of the total salary or wages.• Payroll documentation and documentation of expenses are required to receive forgiveness, to ensure the forgiveness was used to retain employees and pay expenses. Borrowers that rehire laid-off workers by June 30 won't be penalized for having a smaller workforce at the beginning of the period.• Borrowers with tipped workers may receive loan forgiveness for the additional wages paid those employees.• Lenders have 60 days to issue a decision on the application.• The canceled loan amount will not count towards gross income for tax purposes.
Waivers	<ul style="list-style-type: none">• Borrowers and lender fees are waived.• Payments fees are waived.
Borrower Requirements	<ul style="list-style-type: none">• Good faith certification that the loan is necessary because of economic uncertainty caused by COVID-19 and will be applied to maintain payroll and make regular payments.• Borrower also must certify that they are not receiving assistance and duplicative funds for the same uses from another SBA program. No collateral or personal guarantees are required.

Paycheck Protection Program

What is the Paycheck Protection Program (PPP)?	Who is Eligible?	How Does the Process Work?	How Can I Apply?	How Much?	How Can I Use It?	Why a PPP Loan?
<p>A new \$350 billion loan program at SBA for small businesses, self-employed, and gig workers to help them from going under due to the COVID-19 pandemic. If employers maintain payroll, the loans would be forgiven.</p>	<p>Any business concern, nonprofit organization, veteran's organization, or Tribal business concern that employs no more than 500 employees (or the size standard in number of employees established by the Administration for the industry in which such business operates)</p> <p>Sole proprietors</p> <p>Independent contractors</p> <p>Self-employed individuals</p>	<p>All current 7(a) lenders are eligible lenders. Plus, the Department of Treasury will authorize new lenders to help expedite the processing and delivery of capital to small businesses.</p>	<p>SBA's Lender Match Portal. Interested borrowers are also encouraged to inquire with a local 7(a) lender regarding whether they are participating in the PPP</p>	<p>The size of the loan is 250% of an employer's average monthly payroll cost during the period Feb. 15, 2019 to June 30, 2019, capped at \$10 million.</p>	<p>Employee compensation, including: salaries, wages, commissions, or similar compensation; cash tips or equivalents; vacation, parental, family, medical, or sick leave; payment required for providing group health care benefits (including insurance premiums); payment of retirement benefits; and payroll taxes.</p> <p>Any compensation or income of a sole proprietor or independent contractor no greater than \$100,000 in one year</p> <p>Payment of interest on mortgage obligations, rent, utilities, and interest on pre-existing debt obligations</p>	<p>Employee compensation, including: salaries, wages, commissions, or similar compensation; cash tips or equivalents; vacation, parental, family, medical, or sick leave; payment required for providing group health care benefits (including insurance premiums); payment of retirement benefits; and payroll taxes</p> <p>Any compensation or income of a sole proprietor or independent contractor no greater than \$100,000 in one year</p> <p>Payment of interest on mortgage obligations, rent, utilities, and interest on pre-existing debt obligations.</p>

CARES Act

Economic Injury Disaster Loan (EIDL)

- Small business owners in all U.S. states, Washington D.C., and territories are also eligible to apply for an Economic Injury Disaster Loan advance of up to \$2 million.
- The Emergency Economic Injury Grant program provides small businesses with working capital loans of up to \$10,000 to help overcome the temporary loss of revenue. Funds will be made available within three days of a successful application, and this loan advance will not have to be repaid. You must first apply for the loan before a grant will be considered.
- Applications for an EIDL can be found here <https://covid19relief.sba.gov/#/>

EIDL Basics

What is an Economic Injury Disaster Loan (EIDL)?

- A low-interest, fixed rate loan that can provide up to \$2 million in assistance for small businesses that can be used to pay immediate expenses during an emergency. Must apply for the loan before a grant application will be considered.

What is an Emergency Economic Injury Grant?

- The CARES Act creates a new \$10 billion grant program, leveraging SBA's Office of Disaster Assistance Infrastructure, to provide small businesses with quick, much-needed capital. You may only apply for this grant AFTER you have applied for the loan.

Who is Eligible?

- Private nonprofit organizations, small agricultural cooperatives
- Businesses; cooperatives; ESOPs; and tribal business concerns with 500 or fewer employees
- Independent contractors
- Sole proprietors (whether or not self-employed)

How does the process work?

- Eligible applicants who apply for an EEIG Grant may request up to \$10,000 be immediately disbursed. The amount need not be repaid, regardless of the loan decision.
- EIDL borrowers may apply for the Paycheck Protection Program, but when determining loan forgiveness, the advance EEIG grant is taken into consideration.

How can I apply?

- There are a couple of ways to apply. The SBA has an online portal where small businesses can upload documents and apply for a loan, or they can download the PDF on the agency's website and mail the forms.

How Much?

- All small businesses are eligible to receive up to \$10,000.

How long will the process take?

- The legislation requires SBA to disburse the funds within three days of receiving the application.

How Can it be Used?

- Any allowable purpose under the EIDL program
- Provide paid sick leave, maintain payroll, and meet increased costs
- Make rent or mortgage payments, and repaying unmet obligations.

CARES Act

The CARES Act – the economic relief bill signed into law on Friday – provides much-needed temporary support for American workers impacted by COVID-19. It dedicates \$250 billion to give workers more access to unemployment benefits during this public health emergency.

- Creates a temporary Pandemic Unemployment Assistance program.
- Expands coverage to more workers, including self-employed, contractors, and furloughed workers.
- Increases by \$600/week Americans' unemployment benefits for the next 4 months.
- Makes available 13 additional weeks of unemployment for those who need it.
- Waives the normal one-week waiting period.
- Includes funding to offset 50% of the costs of state and local government and non-profits for cost of paying unemployment to their workers.
- Supports short-time, work share programs as an alternative to layoffs.

CARES Act

How much do unemployed workers get?

- It varies. Unemployment benefits across the country averaged \$385 per week in February 2020 [but vary significantly by state](#). Generally, a person's benefits replace about 1/3 to 1/2 of their wages.
- The CARES Act provides an additional \$600 per week on top of whatever a person would normally receive in their state – limited to the next 4 months (expires July 31, 2020). This will end up providing a higher than average wage replacement rate for low-wage workers.

Can individuals get more on unemployment than they got in their paycheck?

- The additional \$600 in weekly benefits is designed to keep as many workers as whole as possible through the emergency. Some may temporarily receive more benefit than their paycheck – though that number is very small compared to everyone receiving Unemployment. Of course, people receiving Unemployment do not receive health insurance, retirement or other important benefits that can be available at work. The temporary \$600 is only available through July 31.

How long do unemployment benefits last?

- It [varies by state](#), but most states provide access to unemployment benefits for a maximum of 26 weeks. The CARES Act provides federal funding for an additional 13 weeks for those who need it. Funding for this expires December 31, 2020.

CARES Act

Are self-employed and independent contractors eligible?

- Yes. Self-employed and independent contractors, like gig workers and Uber drivers, are eligible for Pandemic Unemployment Assistance.
- This also covers workers laid off from churches and religious institutions who may not be eligible under the state's program.

What about furloughed workers?

- Yes. States have policies in place to allow furloughed workers to receive unemployment benefits and part-time workers can receive partial benefits. The Pandemic Unemployment Assistance program also helps workers stay connected to their employer by allowing unemployment benefits for workers who have a job but are unable to work or telework due to COVID-19-related reasons and are not receiving paid leave through their employer.

CARES Act

Are unemployment benefits taxable and do they count as income?

- Yes. Unemployment benefits are taxable income and they generally count as income when determining eligibility for public assistance programs.

What does unemployment insurance look like in my state?

- To find out how to apply for unemployment in your state:
 - <https://www.careeronestop.org/WorkerReEmployment/UnemploymentBenefits/unemployment-benefits.aspx>
- A state-by-state summary of how each state determines weekly unemployment benefits amounts can be found here: <https://oui.doleta.gov/unemploy/content/sigpros/2020-2029/January2020.pdf>

CARES Act - Individual Payments

How much should I expect?

- Payments are based on income (as indicated on tax forms you've submitted). **Individuals making under \$75,000 will receive \$1,200.** Couples making under \$150,000 who joint-filed will receive \$2,400. Those making \$112,500 or less who filed as "head of household" will also get the full \$1,200.
- Families will also receive an additional **\$500 per child.**
- If you made over \$75,000, you will receive less. For every \$100 on income beyond \$75,000, you will receive \$5 less in your check. Individuals making in excess of \$99,000 and couples making \$198,000 won't receive anything.

When will I get the payment?

- The Treasury Department said money will be sent "within three weeks" for direct deposits, which would be a little before April 18. Paper checks could take much longer to be sent out.

CARES Act - Individual Payments

Where will they send the money?

- The Treasury Department will use information provided from your 2019 tax return (or 2018, if you haven't yet filed taxes this year).

How is it being sent?

- The payments will be sent the same way you received your last tax refund. If that was a direct deposit, that will be the method. Otherwise, the IRS will mail a check to your last known address.

How many payments are there?

- This bill only authorizes a one-time payment, but congressional leaders suggested the possibility of additional payments in another bill at a later date.
- I made over \$99,000 when I filed taxes, but I've since been laid off. Will I get a payment?
- Likely not, but you can apply for it when you file your 2020 tax return. The IRS is expected to create a way to handle these situations.

Will people on Social Security get a payment?

- Yes, provided they received Form SSA-1099 in 2019.

Is the payment taxable?

- No.

[Fun automatic payment calculator](#)