



## HOW DOES THE CARES ACT AFFECT SMALL BUSINESSES?

Frequently Asked Questions By Small Businesses That Have Been Impacted By The Coronavirus And Helpful Answers.

### Paycheck Protection Loan Information

#### **Is your small business struggling due to the recent coronavirus epidemic?**

- Your business may be eligible for a new Paycheck Protection Loan.
- This 4% interest rate loan is 100% guaranteed by the SBA.

#### **Who is eligible?**

- Businesses and 501(c)(3)s with less than 500 employees.

#### **Where can you get this loan?**

- Any existing SBA lenders and any lenders that are brought into the program through the Treasury.
- ***You should talk to your preferred financial lender to see if they qualify.***

#### **What can you use the loan amount for?**

- Payroll costs
- Group health care benefits
- Employee salaries
- Interest on any mortgage obligation
- Rent
- Utilities and any other debt obligations occurred before Feb. 15, 2020.

#### **How much can you borrow?**

- The maximum amount is the lesser of \$10 million or 2.5 times the average monthly payroll based on last year's payroll.

#### **How long will it take to receive the money?**

- The SBA has authorized lenders to process, close, and service loans without SBA approval, giving you the means to invest in your business immediately.

#### **What if you can't pay it back?**

- First, all payment on principle, interest, and fees will be automatically deferred for six months.
- Second, for businesses that retain their staff up until June 30, 2020, this loan will be forgiven.

### **Can the entire loan be forgiven?**

- No, only the portion of the loan used to cover payroll costs, mortgage interest, rent, and utilities can be forgiven.
- In addition, only 8 weeks can be forgiven.

### **What is included in “payroll costs”? Does that include payroll taxes?**

#### **Payroll includes:**

- the sum of payments of any compensation with respect to employees that is a—
  - salary, wage, commission, or similar compensation;
  - payment of cash tip or equivalent;
  - payment for vacation, parental, family, medical, or sick leave;
  - allowance for dismissal or separation;
  - payment required for the provisions of group health care benefits, including insurance premiums;
  - payment of any retirement benefit;
  - payment of State or local tax assessed on the compensation of employees;
- the sum of payments of any compensation to or income of a sole proprietor or independent contractor that is a
  - wage, commission, income, net earnings from self-employment,
  - or similar compensation and that is in an amount that is not more than \$100,000 in 1 year, as prorated for the covered period;

#### **Payroll does not include:**

- the compensation of an individual employee in excess of an annual salary of \$100,000, as prorated for the covered period;
- taxes imposed or withheld under chapters 21, 22, or 24 of the Internal Revenue Code of 1986 during the covered period;
- any compensation of an employee whose principal place of residence is outside of the United States,
- qualified sick leave wages for which a credit is allowed under section 7001 of the Families First Coronavirus Response Act (Public Law 116–6 127);
- qualified family leave wages for which a credit is allowed under section 7003 of the Families First Coronavirus Response Act (Public Law 116– 12 127)

### **If a small business receives the money and two weeks later is allowed to open for business as usual, can the loan money continue to be used for payroll to enable the practice to operate until cash flow resumes? In other words, can the loan proceeds continue to be used for payroll for the remaining 6 weeks and still be forgiven?**

- Yes. Loan amount and assistance is generally for 8 weeks. Eligibility for loan forgiveness is based on maintaining payroll continuity through June 30. The amount forgiven will be limited to the amount used on payroll costs, mortgage interest, rent, and utilities. If the business is eligible for forgiveness, the loan

amount could be decreased based on reduced salaries and wages at the end of the covered period.

**Will a small business be penalized if they have already furloughed workers prior to obtaining the loan proceeds?**

- No. There is specific flexibility to address furloughed or even fired workers. The provisions extends back to Feb. 15 to account for declines in headcount in March.

**Direct Payment information:**

**When do I get my money?**

- If the IRS has your information (aka if you've been working and filing taxes since 2018) then you will have your check within 3 weeks.

**How will I get my money**

- If you've gotten a tax refund in the last two years *by direct deposit*, that's where the money will be sent.
- If not, the IRS *can mail a check* to your "last known address," and it has 15 days to notify you of the method and amount of the payment. They'll send a phone number and appropriate point of contact so you can tell them if you didn't receive it.

**Is my payment taxed?**

- NO

[Here](#) is a more in depth FAQ on Small Business provisions in the CARES Act.