

SMALL BUSINESSES

Help covering payroll and expenses

Overview

The Coronavirus Aid, Relief, and Economic Security (CARES) Act provides relief for small businesses that have trouble covering payroll and operating expenses because of the COVID-19 pandemic. The new law creates a Small Business Administration (SBA) loan program, called the “Paycheck Protection Program” (PPP), that expands benefits and eligibility for SBA disaster loans, covers payments on existing SBA loans, and creates new tax credits to help cover the cost of paid leave and payroll.

[SBA Paycheck Protection Program](#)

The Paycheck Protection Program provides small businesses with zero-fee loans of up to \$10 million to cover payroll and other operating expenses. Up to 8 weeks of payroll, mortgage interest, rent, and utility costs can be forgiven. Payments on principal and interest are deferred for one year. More information on this program is available [here](#).

[SBA Economic Injury Disaster Loans](#)

The CARES Act creates a new emergency grant of \$10,000 for small businesses that apply for an SBA economic injury disaster loan (EIDL). EIDLs are loans up to \$2 million with interest rates of 3.75% for businesses and 2.75% for nonprofits, and principal and interest payments deferred up to 4 years. The EIDL loans may be used to pay for expenses that could have been met had the disaster not happened, including payroll and other operating expenses. The EIDL grant does not need to be repaid even if the applicant is denied an EIDL. A small business may apply for an EIDL grant and a Paycheck Protection loan. The EIDL grant will be subtracted from the amount of the Paycheck Protection loan that is forgivable. More information on this program is available [here](#).

[Debt Relief for New and Existing SBA Borrowers](#)

For small businesses that already have an SBA loan (such as a 7(a), 504, or microloan) or take one out within 6 months after the CARES Act is enacted, the SBA will pay all loan costs for borrowers, including principal, interest, and fees, for six-months. SBA borrowers may also seek an extension of the duration of their loan and delay certain reporting requirements. More information on this program is available [here](#).

[Relief for Small Business Government Contractors](#)

If you are a government contractor, there are a number of ways that Congress has provided relief and protection for your business. Agencies will be able to modify terms and conditions of a contract and to reimburse contractors at a billing rate of up to 40 hours per week of any paid leave, including sick leave. The contractors eligible are those whose employees or subcontractors cannot perform work on site and cannot telework due to federal facilities closing because of COVID-19. If you need additional assistance, please reach out to your local [Small Business Development Center](#), [Women’s Business Center](#), [SCORE chapter](#), or [SBA District Office](#). You should also work with your agency’s contracting officer, as well as the agency’s Office of Small and Disadvantaged Business Utilization (OSDBU).

[Employee Retention Tax Credit](#)

The CARES Act creates a refundable payroll tax credit for businesses, large and small, that retain their employees during the COVID-19 crisis. Employers are eligible if they have been fully or partially suspended as a result of a government order, or they experience a 50% reduction in quarterly receipts as a result of the crisis. For employers with 100 or fewer full-time employees, they may claim a credit for wages paid to all of their employees, up to \$10,000 a person. For employers with more than 100 employees, they may claim a credit for those employees who are furloughed or face reduced hours as a result of the employer's closure or economic hardship. The Department of the Treasury is authorized to advance payment of the employee retention tax credit. This tax credit is not available if the employer takes an SBA paycheck protection loan. More information on this program is available [here](#).

[Payroll Tax Delay](#)

The CARES Act allows employers to delay paying the employer-portion of payroll taxes through the end of 2020. The deferred amount is due in two installments - 50% is due before December 31, 2021, and the other 50% is due before December 31, 2022. Deferral is not available if the employer takes an SBA paycheck protection loan. More information on this program is available [here](#).

[Advance Payment of Tax Credits for Paid Leave](#)

The CARES Act allows the Treasury to send advance payments of tax credits available to employers that are required to provide up to 12 weeks of coronavirus-related paid leave to their employees.

[Business Tax Relief](#)

The CARES Act provides other forms of tax relief for businesses, including loosening requirements for net operating losses, and limitations on business interest deductions. The CARES Act also permanently fixes the qualified improvement property (QIP) error in the 2017 tax law, so that QIP investments are entitled to 100% recovery over 15 years. Distillers are exempt from excise taxes on undenatured alcohol for the purpose of producing hand sanitizer. More information on this program is available [here](#).

[Delay for Single Employer Pension Plans](#)

Single employer pension plans are allowed to delay quarterly contributions for 2020 until the end of the year. Employers may also use 2019 funded status for the purposes of determining funding-based limits on plan benefits for the plan years that include 2020.

[More Information](#)

For more information about SBA loan programs, please visit the Small Business Administration [website](#). More information about small business programs in the CARES Act and other resources for small businesses can be found on the U.S. Senate Committee on Small Business and Entrepreneurship [website](#).

If you need additional assistance, please reach out to your local [Small Business Development Center](#), [Women's Business Center](#), [SCORE chapter](#), or [SBA District Office](#).

For more information about tax issues, please check the IRS's website at www.irs.gov/coronavirus.