



INTERNATIONAL
MARKET CENTERS

International Market Centers

Coronavirus (COVID-19): Small Business Guidance & Loan Resources

April 2020

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Important Information

We have provided this note on the government support measures available during the Coronavirus crisis for your general information only. The note is not intended to be advice that you rely on and we would encourage you to obtain your own independent advice before making any decisions or taking action on the basis of this note. Please note that the situation in relation to government assistance is evolving constantly and we recommend that you make your own inquiries as to the up to date position before you make any decisions. All information is subject to further government guidance and clarification.

I. Summary of COVID-19 Small Business Guidance & Loan Resources

Assistance Type	What is it?	Applies to...	How quickly do I get support?
Small Business Paycheck Protection Program	<ul style="list-style-type: none"> ▶ Forgivable loans to small businesses of up to \$10mm that can be used to cover payroll costs, and most mortgage interest, rent, and utility costs over the 8 week period after the loan is made 	<ul style="list-style-type: none"> ▶ Small businesses with 500 or fewer employees in operation on Feb 15 2020—including nonprofits, veterans organizations, tribal concerns, self-employed individuals, sole proprietorships, and independent contractors—are eligible. Businesses with 500+ employees are eligible in certain industries 	<ul style="list-style-type: none"> ▶ Applications available here ▶ Treasury begins accepting applications on Friday, April 3
Disaster Assistance Loans & Advances	<ul style="list-style-type: none"> ▶ Low-interest federal disaster loans of up to \$2mm to small businesses suffering substantial economic injury as a result of the Coronavirus (COVID-19). Businesses can receive an immediate \$10,000 forgivable advance 	<ul style="list-style-type: none"> ▶ Small business owners in all U.S. states and territories are currently eligible to apply for a low-interest loan ▶ Those eligible for a Disaster Assistance Loan and who have been in operation since Jan. 31, 2020 are eligible for the \$10,000 advance 	<ul style="list-style-type: none"> ▶ Apply online here ▶ \$10,000 advance made available within 3 days of successful application
Employee Retention Tax Credits	<ul style="list-style-type: none"> ▶ The refundable tax credit is 50% of up to \$10,000 in wages paid by an eligible employer whose business has been financially impacted by COVID-19 	<ul style="list-style-type: none"> ▶ The credit is available to all employers regardless of size, including tax-exempt organizations ▶ There are only two exceptions: State and local governments and their instrumentalities and small businesses who take small business loans 	<ul style="list-style-type: none"> ▶ Request an advance of the Employee Retention Credit by submitting Form 7200
Unemployment Insurance & Pandemic Assistance	<ul style="list-style-type: none"> ▶ Extension on unemployment benefits to people who were not previously covered by Unemployment Insurance ▶ Increases weekly benefits for all unemployed workers by \$600 a week for up to six months, and 13 weeks of benefits on to the number of weeks a state currently pays benefits 	<ul style="list-style-type: none"> ▶ Employees who are prevented from coming to work due to employer temporarily ceasing operations ▶ Individuals quarantined with the expectation of returning to work after the quarantine is over; and ▶ Individuals who leave employment due to a risk of exposure or infection or to care for a family member ▶ Self-employee workers, 1099-independent contractor or gig workers, workers with limited work history 	<ul style="list-style-type: none"> ▶ Click here to find your state

I. Summary of Small Business Guidance & Loan Resources: Key Considerations

Assistance Type	Key Considerations
Small Business Paycheck Protection Program	<ul style="list-style-type: none"> ▶ Business Operational as of February 15, 2020: <ul style="list-style-type: none"> • Business must have been in operations paying employees or contractors on February 15, 2020 ▶ Urgency to Apply: <ul style="list-style-type: none"> • Although the program is open until June 30, 2020, we encourage you to apply as quickly as you can because there is a funding cap and lenders need time to process your loan ▶ Small Businesses Apply First: <ul style="list-style-type: none"> • Starting April 3, 2020 Small Businesses and Sole Proprietors can apply to receive loans, independent contractors and those self employed individuals an apply on April 10, 2020 ▶ Excludes Businesses Presently Involved in Bankruptcies: <ul style="list-style-type: none"> • Businesses presently involved in bankruptcy are not eligible to apply ▶ Disaster Assistance Loan Applicants: <ul style="list-style-type: none"> • Businesses with pending or existing disaster assistance loans CAN still receive funding through the Paycheck Protection Program as long as the loans are not being used for the same thing ▶ One Loan Per Business: <ul style="list-style-type: none"> • A single business cannot apply for more than 1 Paycheck Protection Loan
Disaster Assistance Loans & Advances	<ul style="list-style-type: none"> ▶ Paycheck Protection Program Loan Recipients: <ul style="list-style-type: none"> • Paycheck Protection Program loan recipients are still able to apply for Disaster Assistance Loans; <u>however; proceeds cannot be used for the same purposes</u> ▶ Must Apply for Disaster Assistance Loan and then Request \$10,000 Advance: <ul style="list-style-type: none"> • To access the \$10,000 advance you must first apply for the Disaster Assistance Loan and then the request the advance. Businesses must be in operation since Jan 31 2020 to receive the \$10,000 advance
Employee Retention Tax Credits	<ul style="list-style-type: none"> ▶ <u>PPP Loan Recipients Should Not Claim Employee Retention Credits:</u> <ul style="list-style-type: none"> • <u>An Eligible Employer may not receive the Employee Retention Credit if the Eligible Employer receives a Small Business Interruption Loan under the Paycheck Protection Program. An Eligible Employer that receives a paycheck protection loan should not claim Employee Retention Credits</u>

II. Small Business Paycheck Protection Program

Overview

- ▶ The Paycheck Protection Program (“PPP”) authorizes up to \$349 billion in forgivable loans to small businesses to pay their employees during the COVID-19 crisis. All loan terms will be the same for everyone. The loan amounts will be forgiven as long as:
 - The loan proceeds are used to cover payroll costs, and most mortgage interest, rent, and utility costs over the 8 week period after the loan is made; and
 - Employee and compensation levels are maintained
- ▶ Payroll costs are capped at \$100,000 on an annualized basis for each employee. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs
- ▶ Loan payments will be deferred for 6 months

Fully Forgiven

- ▶ Funds are provided in the form of loans that will be fully forgiven when used for payroll costs, interest on mortgages, rent, and utilities (due to likely high subscription, at least 75% of the forgiven amount must have been used for payroll). Loan payments will also be deferred for six months. No collateral or personal guarantees are required. Neither the government nor lenders will charge small businesses any fees

Must Keep Employees on the Payroll—or Rehire Quickly

- ▶ Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease

All Small Businesses Eligible

- ▶ Small businesses with 500 or fewer employees—including nonprofits, veterans organizations, tribal concerns, self-employed individuals, sole proprietorships, and independent contractors—are eligible. Businesses with more than 500 employees are eligible in certain industries

When to Apply

- ▶ Starting April 3, 2020, small businesses and sole proprietorships can apply. Starting April 10, 2020, independent contractors and self-employed individuals can apply. We encourage you to apply as quickly as you can because there is a funding cap. Applications can be found [here](#)

II. Small Business Paycheck Protection Program FAQs

Question	Guidance
How do I apply?	<ul style="list-style-type: none"> ▶ You can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Other regulated lenders will be available to make these loans once they are approved and enrolled in the program. You should consult with your local lender as to whether it is participating. All loans will have the same terms regardless of lender or borrower. A list of participating lenders as well as additional information and full terms can be found at www.sba.gov
When can I apply?	<ul style="list-style-type: none"> ▶ Starting April 3, 2020, small businesses and sole proprietorships can apply for and receive loans to cover their payroll and other certain expenses through existing SBA lenders ▶ Starting April 10, 2020, independent contractors and self-employed individuals can apply for and receive loans to cover their payroll and other certain expenses through existing SBA lenders ▶ Other regulated lenders will be available to make these loans as soon as they are approved and enrolled in the program
Where can I apply?	<ul style="list-style-type: none"> ▶ You can apply through any existing SBA lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Other regulated lenders will be available to make these loans once they are approved and enrolled in the program. You should consult with your local lender as to whether it is participating. Visit www.sba.gov for a list of SBA lenders
Who can apply?	<ul style="list-style-type: none"> ▶ All businesses – including nonprofits, veterans organizations, Tribal business concerns, sole proprietorships, self-employed individuals, and independent contractors – with 500 or fewer employees can apply. Businesses in certain industries can have more than 500 employees if they meet applicable SBA employee-based size standards for those industries (click HERE for additional detail) ▶ For this program, the SBA’s affiliation standards are waived for small businesses (1) in the hotel and food services industries (click HERE for NAICS code 72 to confirm); or (2) that are franchises in the SBA’s Franchise Directory (click HERE to check); or (3) that receive financial assistance from small business investment companies licensed by the SBA. Additional guidance may be released as appropriate

II. Small Business Paycheck Protection Program FAQs (cont'd)

Question	Guidance
What do I need to apply?	<ul style="list-style-type: none"> ▶ You will need to complete the Paycheck Protection Program loan application and submit the application with the required documentation to an approved lender that is available to process your application by June 30, 2020. Click HERE for the application
What other documents do I need to include?	<ul style="list-style-type: none"> ▶ You will need to provide your lender with payroll documentation
Do I need to first look for other funds before applying to this program?	<ul style="list-style-type: none"> ▶ No. We are waiving the usual SBA requirement that you try to obtain some or all of the loan funds from other sources (i.e., we are waiving the Credit Elsewhere requirement)
How long will this program last?	<ul style="list-style-type: none"> ▶ Although the program is open until June 30, 2020, we encourage you to apply as quickly as you can because there is a funding cap and lenders need time to process your loan
How many loans can I take out under this program?	<ul style="list-style-type: none"> ▶ Only one
What can I use these loans for?	<ul style="list-style-type: none"> ▶ Payroll costs, including benefits; ▶ Interest on mortgage obligations, incurred before February 15, 2020; ▶ Rent, under lease agreements in force before February 15, 2020; and ▶ Utilities, for which service began before February 15, 2020.
What counts as payroll costs?	<ul style="list-style-type: none"> ▶ Salary, wages, commissions, or tips (capped at \$100,000 on an annualized basis for each employee); ▶ Employee benefits including costs for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payments required for the provisions of group health care benefits including insurance premiums; and payment of any retirement benefit; ▶ State and local taxes assessed on compensation; and ▶ For a sole proprietor or independent contractor: wages, commissions, income, or net earnings from self-employment, capped at \$100,000 on an annualized basis for each employee

II. Small Business Paycheck Protection Program FAQs (cont'd)

Question	Guidance
How large can my loan be?	<ul style="list-style-type: none"> ▶ Loans can be for up to two months of your average monthly payroll costs from the last year plus an additional 25% of that amount. That amount is subject to a \$10 million cap. If you are a seasonal or new business, you will use different applicable time periods for your calculation. Payroll costs will be capped at \$100,000 annualized for each employee
How much of my loan will be forgiven?	<ul style="list-style-type: none"> ▶ You will owe money when your loan is due if you use the loan amount for anything other than payroll costs, mortgage interest, rent, and utilities payments over the 8 weeks after getting the loan. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs. You will also owe money if you do not maintain your staff and payroll <ul style="list-style-type: none"> • Number of Staff: Your loan forgiveness will be reduced if you decrease your full-time employee headcount • Level of Payroll: Your loan forgiveness will also be reduced if you decrease salaries and wages by more than 25% for any employee that made less than \$100,000 annualized in 2019 • Re-Hiring: You have until June 30, 2020 to restore your full-time employment and salary levels for any changes made between February 15, 2020 and April 26, 2020
How can I request loan forgiveness?	<ul style="list-style-type: none"> ▶ You can submit a request to the lender that is servicing the loan. The request will include documents that verify the number of full-time equivalent employees and pay rates, as well as the payments on eligible mortgage, lease, and utility obligations. You must certify that the documents are true and that you used the forgiveness amount to keep employees and make eligible mortgage interest, rent, and utility payments. The lender must make a decision on the forgiveness within 60 days

II. Small Business Paycheck Protection Program FAQs (cont'd)

Question	Guidance
What is my interest rate?	▶ 0.50% fixed rate
When do I need to start paying interest on my loan?	▶ All payments are deferred for 6 months; however, interest will continue to accrue over this period.
When is my loan due?	▶ In 2 years
Can I pay my loan earlier than 2 years?	▶ Yes. There are no prepayment penalties or fees
Do I need to pledge any collateral for these loans?	▶ No. No collateral is required
Do I need to personally guarantee this loan?	▶ No. There is no personal guarantee requirement. However, if the proceeds are used for fraudulent purposes, the U.S. government will pursue criminal charges against you

II. Small Business Paycheck Protection Program FAQs (cont'd)

Question	Guidance
<p>What do I need to certify?</p>	<ul style="list-style-type: none"> ▶ As part of your application, you need to certify in good faith that: <ul style="list-style-type: none"> • Current economic uncertainty makes the loan necessary to support your ongoing operations • The funds will be used to retain workers and maintain payroll or to make mortgage, lease, and utility payments • You have not and will not receive another loan under this program • You will provide to the lender documentation that verifies the number of full-time equivalent employees on payroll and the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight weeks after getting this loan • Loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs • All the information you provided in your application and in all supporting documents and forms is true and accurate. Knowingly making a false statement to get a loan under this program is punishable by law • You acknowledge that the lender will calculate the eligible loan amount using the tax documents you submitted. You affirm that the tax documents are identical to those you submitted to the IRS. And you also understand, acknowledge, and agree that the lender can share the tax information with the SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews

III. Disaster Assistance Loans & Advances

Overview

- ▶ The U.S. Small Business Administration is offering designated states and territories low-interest federal disaster loans for working capital to small businesses suffering substantial economic injury as a result of the Coronavirus (COVID-19). Upon a request received from a state's or territory's Governor, the SBA will issue under its own authority, as provided by the Coronavirus Preparedness and Response Supplemental Appropriations Act that was recently signed by the President, an Economic Injury Disaster Loan declaration

Areas Eligible for SBA Disaster Loans

- ▶ Small business owners in all U.S. states and territories are currently eligible to apply for a low-interest loan due to Coronavirus (COVID-19)

Economic Injury Disaster Advance Loan

- ▶ In response to the Coronavirus (COVID-19) pandemic, small business owners in all U.S. states, Washington D.C., and territories are eligible to apply for a forgivable Economic Injury Disaster Loan advance of up to \$10,000
- ▶ This advance will provide economic relief to businesses that are currently experiencing a temporary loss of revenue. Funds will be made available within three days of a successful application. **This loan advance will not have to be repaid**
- ▶ **Apply for the Loan Advance [here](#)**

III. Disaster Assistance Loans & Advances FAQs

Question	Guidance
What types of disasters qualify?	<ul style="list-style-type: none"> ▶ Any such Economic Injury Disaster Loan assistance declaration issued by the SBA makes loans available statewide to small businesses and private, nonprofit organizations to help alleviate economic injury caused by the Coronavirus (COVID-19). This will apply to current and future disaster assistance declarations related to Coronavirus
How will I be notified of assistance in my state?	<ul style="list-style-type: none"> ▶ The SBA's Office of Disaster Assistance will coordinate with the state's or territory's Governor to submit the request for Economic Injury Disaster Loan ▶ Once a declaration is made, the information on the application process for Economic Injury Disaster Loan assistance will be made available to affected small businesses within the state
How much does the SBA lend?	<ul style="list-style-type: none"> ▶ The SBA's Economic Injury Disaster Loans offer up to \$2 million in assistance and can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing
What can the loans be used for?	<ul style="list-style-type: none"> ▶ These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact
What is the interest rate on these loans?	<ul style="list-style-type: none"> ▶ The interest rate is 3.75% for small businesses. The interest rate for non-profits is 2.75%
What are the terms associated with the loans?	<ul style="list-style-type: none"> ▶ The SBA offers loans with long-term repayments in order to keep payments affordable, up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay

IV. Other Types of SBA COVID-19 Assistance Measures

SBA Debt Relief

- ▶ The SBA Debt Relief program will provide a reprieve to small businesses as they overcome the challenges created by this health crisis
- ▶ Under this program:
 - **The SBA will also pay the principal and interest of new 7(a) loans issued prior to September 27, 2020**
 - **The SBA will pay the principal and interest of current 7(a) loans for a period of six months**

SBA Express Bridge Loans

- ▶ [Express Bridge Loan Pilot Program](#) allows small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 with less paperwork. These loans can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing and can be a term loans or used to bridge the gap while applying for a direct SBA [Economic Injury Disaster loan](#). If a small business has an urgent need for cash while waiting for decision and disbursement on Economic Injury Disaster Loan, they may qualify for an SBA Express Disaster Bridge Loan
- ▶ Terms
 - Up to \$25,000
 - Fast turnaround
 - Will be repaid in full or in part by proceeds from the EIDL loan

Find an Express Bridge Loan Lender by connecting with your [local SBA District Office](#)

V. SBA Access to Capital

In addition to COVID-19 relief measures, SBA provides a number of loan resources for small businesses to utilize when operating their business. For more information on loans or how to connect with a lender, visit:

<https://www.sba.gov/funding-programs/loans>

Program	Summary
7(a) Loan Program	<ul style="list-style-type: none"> ▶ Offers loan amounts up to \$5,000,000 and is an all-inclusive loan program deployed by lending partners for eligible small businesses within the U.S. States and its territories. The uses of proceeds include: working capital; expansion/renovation; new construction; purchase of land or buildings; purchase of equipment, fixtures; lease-hold improvements; refinancing debt for compelling reasons; seasonal line of credit; inventory; or starting a business
Express Loan Program	<ul style="list-style-type: none"> ▶ Provides loans up to \$350,000 for no more than 7 years with an option to revolve. There is a turnaround time of 36 hours for approval or denial of a completed application. The uses of proceeds are the same as the standard 7(a) loan
Community Advantage Loans	<ul style="list-style-type: none"> ▶ Allows mission-based lenders to assist small businesses in underserved markets with a maximum loan size of \$250,000. The uses of proceeds are the same as the standard 7(a) loan
504 Loan Program	<ul style="list-style-type: none"> ▶ Designed to foster economic development and job creation and/or retention. The eligible use of proceeds is limited to the acquisition or eligible refinance of fixed assets
Microloan Program	<ul style="list-style-type: none"> ▶ Involves making loans through nonprofit lending organizations to underserved markets. Authorized use of loan proceeds includes working capital, supplies, machinery & equipment, and fixtures (does not include real estate). The maximum loan amount is \$50,000 with the average loan size of \$14,000. The interest rate is 3.75% for small businesses. The interest rate for non-profits is 2.75%

VI. SBA Exporting Assistance

In addition to COVID-19 relief measures, SBA provides a number of loan resources for small businesses to utilize when operating their business. For more information on loans or how to connect with a lender, visit:

<https://www.sba.gov/funding-programs/loans>

Program	Summary
Export Express	<ul style="list-style-type: none"> ▶ Loan program allows access to capital quickly for businesses that need financing up to \$500,000. Businesses can apply for a line of credit or term note prior to finalizing an export sale or while pursuing opportunities overseas, such as identifying a new overseas customer should an export sale be lost due to COVID-19
Export Working Capital	<ul style="list-style-type: none"> ▶ Provides loans up to \$350,000 for no more than 7 years with an option to revolve. There is a turnaround time of 36 hours for approval or denial of a completed application. The uses of proceeds are the same as the standard 7(a) loan
International Trade	<ul style="list-style-type: none"> ▶ Allows mission-based lenders to assist small businesses in underserved markets with a maximum loan size of \$250,000. The uses of proceeds are the same as the standard 7(a) loan

VII. Employee Retention Tax Credits

Overview

- ▶ The Treasury Department and the Internal Revenue Service today launched the Employee Retention Credit, designed to encourage businesses to keep employees on their payroll. The refundable tax credit is 50% of up to \$10,000 in wages paid by an eligible employer whose business has been financially impacted by COVID-19

Available to All Employers Regardless of Size

- ▶ The credit is available to all employers regardless of size, including tax-exempt organizations. There are only two exceptions: State and local governments and their instrumentalities and small businesses who take small business loans

Qualifying employers must fall into 1 of 2 categories:

- ▶ The employer's business is fully or partially suspended by government order due to COVID-19 during the calendar quarter
- ▶ The employer's gross receipts are below 50% of the comparable quarter in 2019. Once the employer's gross receipts go above 80% of a comparable quarter in 2019, they no longer qualify after the end of that quarter
- ▶ These measures are calculated each calendar quarter

Calculated as 50% of Qualifying Wages paid up to \$10,000 in total

- ▶ The amount of the credit is 50% of qualifying wages paid up to \$10,000 in total. Wages paid after March 12, 2020, and before Jan. 1, 2021, are eligible for the credit. Wages taken into account are not limited to cash payments, but also include a portion of the cost of employer provided health care

Qualifying Wages

- ▶ Qualifying wages are based on the average number of a business's employees in 2019
- ▶ **< 100 employees:** The credit is based on wages paid to all employees, regardless if they worked or not. If the employees worked full time and were paid for full time work, the employer still receives the credit
- ▶ **> 100 employees:** Credit is allowed only for wages paid to employees who did not work during the calendar quarter

More Information

- ▶ Updates on the implementation of this [Employee Retention Credit](#), Frequently Asked Questions on Tax Credits for Required Paid Leave and other information can be found on the Coronavirus page of IRS.gov

VII. Employee Retention Tax Credits FAQs (cont'd)

Question	Guidance
<p>What is an Employee Retention Credit?</p>	<ul style="list-style-type: none"> ▶ The Employee Retention Credit is a fully refundable tax credit for employers equal to 50 percent of qualified wages (including allocable qualified health plan expenses) that Eligible Employers pay their employees. This Employee Retention Credit applies to qualified wages paid after March 12, 2020, and before January 1, 2021. The maximum amount of qualified wages taken into account with respect to each employee for all calendar quarters is \$10,000, so that the maximum credit for an Eligible Employer for qualified wages paid to any employee is \$5,000
<p>Who is an Eligible Employer?</p>	<ul style="list-style-type: none"> ▶ Eligible Employers for the purposes of the Employee Retention Credit are those that carry on a trade or business during calendar year 2020, including a tax-exempt organization, that either: <ul style="list-style-type: none"> • Fully or partially suspends operation during any calendar quarter in 2020 due to orders from an appropriate governmental authority limiting commerce, travel, or group meetings (for commercial, social, religious, or other purposes) due to COVID-19; or • Experiences a significant decline in gross receipts during the calendar quarter. ▶ Note: Governmental employers are not Eligible Employers for the Employee Retention Credit. Also, Self-employed individuals are not eligible for this credit for their self-employment services or earnings
<p>I am an eligible employer. How do I receive my credit?</p>	<ul style="list-style-type: none"> ▶ Employers can be immediately reimbursed for the credit by reducing their required deposits of payroll taxes that have been withheld from employees' wages by the amount of the credit ▶ Eligible employers will report their total qualified wages and the related health insurance costs for each quarter on their quarterly employment tax returns or Form 941 beginning with the second quarter. If the employer's employment tax deposits are not sufficient to cover the credit, the employer may receive an advance payment from the IRS by submitting Form 7200, Advance Payment of Employer Credits Due to COVID-19 ▶ Eligible employers can also request an advance of the Employee Retention Credit by submitting Form 7200

VII. Employee Retention Tax Credits FAQs (cont'd)

Question	Guidance
<p>When is the operation of a trade or a business partially suspended for the purposes of the Employee Retention Credit?</p>	<ul style="list-style-type: none"> ▶ The operation of a trade or business may be partially suspended if an appropriate governmental authority imposes restrictions upon the business operations by limiting commerce, travel, or group meetings (for commercial, social, religious, or other purposes) due to COVID-19 such that the operation can still continue to operate but not at its normal capacity ▶ Example: A state governor issues an executive order closing all restaurants, bars, and similar establishments in the state in order to reduce the spread of COVID-19. However, the executive order allows those establishments to continue food or beverage sales to the public on a carry-out, drive-through, or delivery basis. This results in a partial suspension of the operations of the trade or business due to an order of an appropriate governmental authority with respect to any restaurants, bars, and similar establishments in the state that provided full sit-down service, a dining room, or other on-site eating facilities for customers prior to the executive order
<p>What is a significant decline in gross receipts?</p>	<ul style="list-style-type: none"> ▶ A significant decline in gross receipts begins with the first quarter in which an employer's gross receipts for a calendar quarter in 2020 are less than 50 percent of its gross receipts for the same calendar quarter in 2019. The significant decline in gross receipts ends with the first calendar quarter that follows the first calendar quarter for which the employer's 2020 gross receipts for the quarter are greater than 80 percent of its gross receipts for the same calendar quarter during 2019 ▶ Example: An employer's gross receipts were \$100,000, \$190,000, and \$230,000 in the first, second, and third calendar quarters of 2020, respectively. Its gross receipts were \$210,000, \$230,000, and \$250,000 in the first, second, and third calendar quarters of 2019, respectively. Thus, the employer's 2020 first, second, and third quarter gross receipts were approximately 48%, 83%, and 92% of its 2019 first, second, and third quarter gross receipts, respectively. Accordingly, the employer had a significant decline in gross receipts commencing on the first day of the first calendar quarter of 2020 (the calendar quarter in which gross receipts were less than 50% of the same quarter in 2019) and ending on the first day of the third calendar quarter of 2020 (the quarter following the quarter for which the gross receipts were more than 80% of the same quarter in 2019). Thus the employer is entitled to a retention credit with respect to the first and second calendar quarters

VII. Employee Retention Tax Credits FAQs (cont'd)

Question	Guidance
<p>How is the maximum amount of the Employee Retention Credit available to Eligible Employers determined?</p>	<ul style="list-style-type: none"> ▶ The credit equals 50 percent of the qualified wages (including qualified health plan expenses) that an Eligible Employer pays in a calendar quarter. The maximum amount of qualified wages taken into account with respect to each employee for all calendar quarters is \$10,000, so that the maximum credit for qualified wages paid to any employee is \$5,000 ▶ Example 1: Eligible Employer pays \$10,000 in qualified wages to Employee A in Q2 2020. The Employee Retention Credit available to the Eligible Employer for the qualified wages paid to Employee A is \$5,000 ▶ Example 2: Eligible Employer pays Employee B \$8,000 in qualified wages in Q2 2020 and \$8,000 in qualified wages in Q3 2020. The credit available to the Eligible Employer for the qualified wages paid to Employee B is equal to \$4,000 in Q2 and \$1,000 in Q3 due to the overall limit of \$10,000 on qualified wages per employee for all calendar quarters
<p>What are qualified wages?</p>	<ul style="list-style-type: none"> ▶ Qualified wages are wages (as defined in section 3121(a) of the Internal Revenue Code (the “Code”)) and compensation (as defined in section 3231(e) of the Code) paid by an Eligible Employer to employees after March 12, 2020, and before January 1, 2021. Qualified wages include the Eligible Employer’s qualified health plan expenses that are properly allocable to the wages ▶ The definition of qualified wages depends, in part, on the average number of full-time employees (as defined in section 4980H of the Code) employed by the Eligible Employer during 2019 ▶ > 100 FTEs in 2019: Qualified wages are the wages paid to an employee for time that the employee is not providing services due to either (1) a full or partial suspension of operations by order of a governmental authority due to COVID-19, or (2) a significant decline in gross receipts. For these employers, qualified wages taken into account for an employee may not exceed what the employee would have been paid for working an equivalent duration during the 30 days immediately preceding the period of economic hardship ▶ < 100 FTEs in 2019: Qualified wages are the wages paid to any employee during any period of economic hardship described in (1) and (2) above

VII. Employee Retention Tax Credits FAQs (cont'd)

Question	Guidance
<p>Is an employer required to pay qualified wages to its employees under the CARES Act?</p>	<p>▶ No. The CARES Act does not require employers to pay qualified wages. In addition, Eligible Employers may elect to not claim the credit for the Employee Retention Credit. (The FFCRA does require certain employers to pay sick or family leave wages to employees who are unable to work or telework due to a COVID-19 circumstance. These employers may be entitled to a refundable tax credit for those wages paid, although the employers may elect not to claim the credit.)</p>
<p>Can Eligible Employers claim the Employee Retention Credit for qualified wages paid in March 2020?</p>	<p>▶ Eligible Employers may claim the Employee Retention Credit for qualified wages that they pay after March 12, 2020, and before January 1, 2021. Therefore, an Eligible Employer may be able to claim the credit for qualified wages paid as early as March 13, 2020</p>
<p>May an Eligible Employer receive the Employee Retention Credit for periods after December 31, 2020?</p>	<p>▶ No. The Employee Retention Credit is only available with respect to wages paid after March 12, 2020, and before January 1, 2021</p>
<p>Against what employment taxes does the Employment Retention Credit apply?</p>	<p>▶ The credit is allowed against the employer portion of social security taxes under section 3111(a) of the Internal Revenue Code (the "Code"), and the portion of taxes imposed on railroad employers under section 3221(a) of the Railroad Retirement Tax Act (RRTA) that corresponds to the social security taxes under section 3111(a) of the Code</p>
<p>How does an Eligible Employer claim the refundable tax credit for qualified wages?</p>	<p>▶ Eligible Employers will report their total qualified wages and the related credits for each calendar quarter on their federal employment tax returns, usually Form 941, Employer's Quarterly Federal Tax Return. Form 941 is used to report income and social security and Medicare taxes withheld by the employer from employee wages, as well as the employer's portion of social security and Medicare tax</p> <p>▶ In anticipation of receiving the credits, Eligible Employers can fund qualified wages by accessing federal employment taxes, including withheld taxes, that are required to be deposited with the IRS or by requesting an advance of the credit from the IRS</p>

VII. Employee Retention Tax Credits FAQs (cont'd)

Question	Guidance
<p>What makes the credit “fully refundable”?</p>	<ul style="list-style-type: none"> ▶ The credits are fully refundable because the Eligible Employer may get a refund if the amount of the credit is more than certain federal employment taxes the Eligible Employer owes. That is, if for any calendar quarter the amount of the credit the Eligible Employer is entitled to exceeds the employer portion of the social security tax on all wages (or on all compensation for employers subject to RRTA) paid to all employees, then the excess is treated as an overpayment and refunded to the employer under sections 6402(a) and 6413(a) of the Code. Consistent with its treatment as an overpayment, the excess will be applied to offset any remaining tax liability on the employment tax return and the amount of any remaining excess will be reflected as an overpayment on the return. Like other overpayments of federal taxes, the overpayment will be subject to offset under section 6402(a) of the Code prior to being refunded to the employer ▶ Example: Eligible Employer pays \$10,000 in qualified wages to Employee A in Q2 2020. The Employee Retention Credit available to the Eligible Employer for the qualified wages paid to Employee A is \$5,000. This amount may be applied against the employer share of social security taxes that the Eligible Employer is liable for with respect to all employee wages paid in Q2 2020. Any excess over the employer’s share of social security taxes is treated as an overpayment and refunded to the Eligible Employer after offsetting other tax liabilities on the employment tax return and subject to any other offsets under section 6402(a) of the Code

VII. Employee Retention Tax Credits FAQs (cont'd)

Question	Guidance
<p>Can an Eligible Employer paying qualified wages fund its payments of qualified wages before receiving the credits by reducing its federal employment tax deposits?</p>	<ul style="list-style-type: none"> ▶ Yes. An Eligible Employer may fund the qualified wages by accessing federal employment taxes, including those that the Eligible Employer already withheld, that are set aside for deposit with the IRS, for other wage payments made during the same quarter as the qualified wages ▶ That is, an Eligible Employer that pays qualified wages to its employees in a calendar quarter before it is required to deposit federal employment taxes with the IRS for that quarter may reduce the amount of federal employment taxes it deposits for that quarter by half of the amount of the qualified wages paid in that calendar quarter. The Eligible Employer must account for the reduction in deposits on the Form 941, Employer's Quarterly Federal Tax Return, for the quarter ▶ Example: An Eligible Employer paid \$10,000 in qualified wages (including qualified health plan expenses) and is therefore entitled to a \$5,000 credit, and is otherwise required to deposit \$8,000 in federal employment taxes, including taxes withheld from all of its employees, for wage payments made during the same quarter as the \$10,000 in qualified wages. The Eligible Employer has no paid sick or family leave credits under the FFCRA. The Eligible Employer may keep up to \$5,000 of the \$8,000 of taxes the Eligible Employer was going to deposit, and it will not owe a penalty for keeping the \$5,000. The Eligible Employer is required to deposit only the remaining \$3,000 on its required deposit date. The Eligible Employer will later account for the \$5,000 it retained when it files Form 941, Employer's Quarterly Federal Tax Return, for the quarter

VII. Employee Retention Tax Credits FAQs (cont'd)

Question	Guidance
<p>May an Eligible Employer reduce its federal employment tax deposit by the qualified wages that it has paid without incurring a failure to deposit penalty?</p>	<ul style="list-style-type: none"> ▶ Yes. An Eligible Employer will not be subject to a penalty under section 6656 of the Code for failing to deposit federal employment taxes relating to qualified wages in a calendar quarter if <ul style="list-style-type: none"> ▶ The Eligible Employer paid qualified wages to its employees in the calendar quarter before the required deposit, ▶ The amount of federal employment taxes that the Eligible Employer does not timely deposit, reduced by any amount of federal employment taxes not deposited in anticipation of the paid sick or family leave credits claimed under the FFCRA, is less than or equal to the amount of the Eligible Employer's anticipated Employee Retention Credit for the qualified wages for the calendar quarter as of the time of the required deposit, and ▶ The Eligible Employer did not seek payment of an advance credit by filing Form 7200, Advance Payment of Employer Credits Due to COVID-19, with respect to any portion of the anticipated credits it relied upon to reduce its deposits ▶ For more information, about the relief from the penalty for failure to deposit federal employment taxes on account of qualified wages, see Notice 2020-22 (PDF)
<p>May an Eligible Employer receive both the tax credits for the qualified leave wages under the FFCRA and the Employee Retention Credit under the CARES Act?</p>	<ul style="list-style-type: none"> ▶ Yes, but not for the same wages. The amount of qualified wages for which an Eligible Employer may claim the Employee Retention Credit does not include the amount of qualified sick and family leave wages for which the employer received tax credits under the FFCRA
<p>May an Eligible Employer receive both the Employee Retention Credit and a Small Business Interruption Loan under the Paycheck Protection Program that is authorized under the CARES Act?</p>	<ul style="list-style-type: none"> ▶ No. An Eligible Employer may not receive the Employee Retention Credit if the Eligible Employer receives a Small Business Interruption Loan under the Paycheck Protection Program that is authorized under the CARES Act ("Paycheck Protection Loan"). An Eligible Employer that receives a paycheck protection loan should not claim Employee Retention Credits

VII. Employee Retention Tax Credits FAQs (cont'd)

Question	Guidance
<p>How can an Eligible Employer that is paying qualifying wages fund the payment of these wages if the Eligible Employer does not have sufficient federal employment taxes set aside for deposit to cover those payments? Can the employer get an advance of the credits?</p>	<ul style="list-style-type: none"> ▶ Yes. Because quarterly returns are not filed until after qualified wages are paid, some Eligible Employers may not have sufficient federal employment taxes set aside for deposit to the IRS to fund their qualified wages. Accordingly, the IRS has established a procedure for obtaining an advance of the refundable credits ▶ The Eligible Employer should first reduce its remaining federal employment tax deposits for wages paid in the same calendar quarter by the maximum allowable amount. If the anticipated credit for the qualified wages exceeds the remaining federal employment tax deposits for that quarter, the Eligible Employer can file a Form 7200, Advance Payment of Employer Credits Due to COVID-19, to claim an advance refund for the full amount of the anticipated credit for which it did not have sufficient federal employment tax deposits ▶ If an Eligible Employer fully reduces its required deposits of federal employment taxes otherwise due on wages paid in the same calendar quarter to its employees in anticipation of receiving the credits, and it has not paid qualified wages in excess of this amount, it should not file the Form 7200. If it files the Form 7200, it will need to reconcile this advance credit and its deposits with the qualified wages on Form 941 (or other applicable federal employment tax return such as Form 944 or Form CT-1), and it may have an underpayment of federal employment taxes for the quarter ▶ Example: An Eligible Employer paid \$20,000 in qualified wages, and is therefore entitled to a credit of \$10,000, and is otherwise required to deposit \$8,000 in federal employment taxes, including taxes withheld from all of its employees, on wage payments made during the same calendar quarter. The Eligible Employer has no paid sick or family leave credits under the FFCRA. The Eligible Employer can keep the entire \$8,000 of taxes that the Eligible Employer was otherwise required to deposit without penalties as a portion of the credits it is otherwise entitled to claim on the Form 941. The Eligible Employer may file a request for an advance credit for the remaining \$2,000 by completing Form 7200

VIII. Unemployment Insurance & Pandemic Unemployment Assistance (For Employees)

Relief Type	What is it?	New Changes in Response to COVID-19
Unemployment Insurance	<ul style="list-style-type: none"> ▶ Unemployment Insurance is a joint state-federal program that provides cash benefits to eligible workers, which usually include those laid off from a job through no fault of their own. Each state sets their own guidelines for who is eligible and the amounts of benefits 	<ul style="list-style-type: none"> ▶ Federal law now allows states to pay benefits where: <ul style="list-style-type: none"> • An employer temporarily ceases operations due to COVID-19, preventing employees from coming to work; • An individual is quarantined with the expectation of returning to work after the quarantine is over; and • An individual leaves employment due to a risk of exposure or infection or to care for a family member
Pandemic Unemployment Assistance	<ul style="list-style-type: none"> ▶ States are able to extend unemployment benefits to people who were not previously covered by Unemployment Insurance ▶ Increases weekly benefits for all unemployed workers by \$600 a week for up to six months, and 13 weeks of benefits on to the number of weeks a state currently pays benefits 	<ul style="list-style-type: none"> ▶ States are able extend unemployment benefits to people who were not previously covered by Unemployment Insurance, including: <ul style="list-style-type: none"> • Self-employed workers • 1099-independent contractor or gig workers • Workers with a limited work history • The new law also increases weekly benefits for all unemployed workers by \$600 a week for up to six months, and 13 weeks of benefits on to the number of weeks a state currently pays benefits

- ▶ Find your state’s [Unemployment Insurance website](#) for more specific information about how to file
- ▶ Also find more resources for people who are recently unemployed, including information about additional benefit programs, at [Worker ReEmployment](#)

IX. Resources

Resource	Link
SBA District Offices	https://www.sba.gov/local-assistance/find/?type=SBA%20Regional%20Office&pageNumber=1
SBA Regional Offices	https://www.sba.gov/local-assistance/find/?type=SBA%20Regional%20Office&pageNumber=1
SBA COVID-19 Resources	https://www.sba.gov/disaster-assistance/coronavirus-covid-19
Treasury Department CARES Resources	https://home.treasury.gov/cares
Paycheck Protection Program (SBA)	https://www.sba.gov/funding-programs/loans/paycheck-protection-program-ppp#section-header-4
Paycheck Protection Program Borrower Information Sheet (Treasury)	https://home.treasury.gov/system/files/136/PPP%20Borrower%20Information%20Fact%20Sheet.pdf
Paycheck Protection Program Borrower Application (Treasury)	https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Application-3-30-2020-v3.pdf
Table of Size Standards (SBA)	https://www.sba.gov/document/support--table-size-standards
Employee Retention Credit (IRS)	https://www.irs.gov/newsroom/irs-employee-retention-credit-available-for-many-businesses-financially-impacted-by-covid-19
Unemployment Benefits Finder (Labor)	https://www.careeronestop.org/WorkerReEmployment/Toolkit/find-unemployment-benefits.aspx
Disaster Loan Applications (SBA)	https://www.sba.gov/page/disaster-loan-applications#section-header-0
Paycheck Protection Program Overview (Treasury)	https://home.treasury.gov/system/files/136/PPP%20--%20Overview.pdf
List of Current Declared Disasters (SBA)	https://disasterloan.sba.gov/ela/Declarations/Index