

# FY21 Omnibus and Stimulus Small Business Provisions Summary

**In December 2020, Congress passed H.R. 133, the 2021 Consolidated Appropriations Act, including coronavirus stimulus and relief. Below is a high-level summary of the small business provisions.**

*Loans are the most common option for relief, though some entities are also making grants available through their business assistance programs*



## Federal Loans and Grants

\$284 billion is allocated to the Paycheck Protection Program (PPP) where small businesses, private non-profits, and small-scale agricultural cooperatives can take up to \$2 million in low-interest loans. First time and second-time borrowers qualify, and it extends the time of the program to March 31, 2021. An additional \$20 billion has been allocated for [emergency Economic Injury Disaster Loans \(EIDL\) grants](#).



## Tax Extenders: Employee Retention Tax Credit

Employers that receive Paycheck Protection Program (PPP) loans may still qualify for the Employee retention tax credit (ERTC) concerning wages that are not paid for with forgiven PPP proceeds. This extends and expands the ERTC through June 30, 2021.



## Target Grants for Shuttered Venue Operators

SBA is authorized \$15 billion to make grants available to eligible live venues, independent movie theaters, and other cultural institutions that can demonstrate a revenue loss of 25 percent to address the economic effects of the COVID-19 pandemic.



## Additional Information

A comprehensive summary of the small business provisions in H.R. 133 [can be found here](#).

# Federal Programs and Tax Provisions

## Economic Injury Disaster Loans (EDIL)

- **Purpose:** To help small businesses overcome temporary losses in revenue and other economic pains caused by COVID-19. [Understanding the Program](#)
- **Process:** Businesses can access the [Economic Injury Disaster Loan application here](#). This process for existing EIDL Advance grantees that received less than \$10,000 to reapply for the difference between what they received and the maximum EIDL Advance Grant of \$10,000.
- **Eligibility:** Small businesses and private non-profits in all states and territories may apply for a low-interest loan to be issued directly by the government.
- **Loan amounts:** Eligible businesses may receive up to \$2 million in assistance; non-profits pay 2.75% in interest; small businesses pay 3.75%.
- **Usage:** Addressing costs that cannot be paid due to COVID-19, like fixed debts and payroll.
- **Repayment:** SBA offers long-term repayment, capped at 30 years; loan terms vary based on determinations about each borrower's case.
- **Contact:** SBA disaster assistance customer service center at 1-800-659-2955 (TTY: 1-800-877-8339) or by e-mail at [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov)
- \$20 billion is allocated to restart and extend the SBA's EIDL Advance Grant for small businesses in low-income communities. EDIL Advance Grants are up to \$10,000 do not need to be repaid.

## Paycheck Protection Program (PPP)

- **Purpose:** To keep workers employed by small businesses on payroll, and further help small businesses weather the economic fallout of the coronavirus. This bill ensures borrowers are eligible for both PPP and EIDL simultaneously, so long as the EIDL is used for purposes other than PPP-covered payroll expenses.
- **Process:** Businesses can find the [application](#) on the SBA Resources page; after gathering the necessary information they should contact their bank or any SBA-approved lender to begin the process.
- **Eligibility:** Any business (including non-profits, veterans' organizations, sole proprietors, independent contractors, and tribal businesses) that has fewer than 500 employees (number can vary depending on industry). The maximum loan amount for a second PPP draw will be reduced to \$2 million.
- **PPP spend Eligibility Expanded:** Eligible expenses include covered operations (software, cloud computing, and other human resources and accounting needs); property damage costs due to public disturbances that occurred during 2020 that are not covered by insurance; covered supplier costs; and covered worker protection expenditures (PPE).

## Tax Provisions for Small Businesses

- **Clarification of Tax Treatment of Paycheck Protection Program Loans.** Gross income does not include any amount that would otherwise arise from the forgiveness of a Paycheck Protection Program (PPP) loan. Deductions are allowed for otherwise deductible expenses paid with the proceeds of a PPP loan that is forgiven, and that the tax basis and other attributes of the borrower's assets will not be reduced as a result of the loan forgiveness. This is effective on the date of enactment of the CARES Act and has similar treatment for Second Draw PPP loans.
- **Employee retention tax credit modifications.** Provides that employers who receive Paycheck Protection Program (PPP) loans may still qualify for the Employee retention tax credit (ERTC) concerning wages that are not paid for with forgiven PPP proceeds. Extends and expands the ERTC through June 30, 2021.