



The Small Business Owner's Guide to COVID-19 Relief Legislation

The programs and initiatives in the *Coronavirus Aid, Relief, and Economic Security (CARES) Act*, which was passed by Congress in March 2020, along with subsequent end-of-year COVID-19 relief legislation passed in December 2020, are intended to assist small business owners and non-profits with whatever needs they have right now. This guide provides information about the major programs and initiatives that are either already or will soon be available from the Small Business Administration (SBA) to address these needs, as well as some additional tax provisions that are outside the scope of SBA.

To keep up to date on when these programs become available, please stay in contact with your local SBA District Office, which you can locate [here](#).

Struggling to get started? The following questions might help point you in the right direction. **Please note that many of these resources are now updated with new information to reflect the changes made in the bipartisan emergency COVID-19 relief legislation passed in December 2020.** Do you need:

- **Capital to cover the cost of retaining employees?** Then the [Paycheck Protection Program](#) might be right for you.
- **Assistance for a shuttered venue or related business?** The new [Shuttered Venue Operator grant program](#) may be a good fit for you.
- **A quick infusion of a smaller amount of cash to cover you right now?** You might want to look into an [SBA EIDL Advance Grant](#).
- **To ease your fears about keeping up with payments on your current or potential SBA loan?** The [Small Business Debt Relief Program](#) could help.
- **Just some quality, free counseling to help you navigate this uncertain economic time?** These [resource partners](#) might be your best bet.

Table of Contents

Paycheck Protection Program Loans	2
PPP Second Draw Loans	7
Small Business Debt Relief Program	9
Economic Injury Disaster Loans and Economic Injury Advance Grants	11
Shuttered Venue Operator Grants	14
Small Business Counseling	16
Small Business Contracting	17
Small Business Tax Provisions	18

Paycheck Protection Program (PPP) Loans

The program provides small businesses and other entities harmed by COVID-19 with resources to maintain their payroll, hire back employees, and cover certain overhead costs through 100 percent federally guaranteed loans. If employers meet all employee retention criteria and funds are used for eligible expenses, the loans will be forgiven, which will help workers remain employed or get back to work, as well as help affected small businesses and our economy snap-back quicker after the pandemic.

PPP has a host of attractive features: loan forgiveness if certain criteria are met, no SBA fees, and one-percent interest rates for any amounts not forgiven. Additionally, Congress expanded the allowable uses of loan proceeds. Borrowers not only may cover costs such as payroll, utilities, rent and mortgage interest, but also costs ranging from essential supplier costs to worker protective equipment and adaptive investments to help a loan recipient comply with federal health and safety guidelines.

NEW: Eligible entities may now take out a second PPP loan of up to \$2 million so long as they meet all eligibility criteria. Details on second PPP loan eligibility and terms begin on [page 7](#). **First and second PPP loans are available through March 31, 2021.**

FREQUENTLY ASKED QUESTIONS

Question: What types of businesses and entities are eligible for an initial PPP loan?

- Answer:**
- Businesses and entities must have been in operation on February 15, 2020.
 - Small business concerns, as well as any business concern, a 501(c)(3) non-profit organization, a 501(c)(19) veterans organization, small agricultural cooperative, or Tribal business concern described in section 31(b)(2)(C) that has fewer than 500 employees, or the applicable [size standard](#) 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.
 - Any business concern that employs not more than 500 employees per physical location of the business concern and that is assigned a NAICS code beginning with 72, for which the affiliation rules are waived.
 - Affiliation rules are also waived for any business concern operating as a franchise that is assigned a franchise identifier code by the Administration, and any company that receives funding through a Small Business Investment Company.
 - **NEW:** Seasonal employers are defined as those who (1) operate for no more than seven months in a year, or (2) earned no more than 1/3 of their gross receipts in any six months in the prior calendar year.
 - **NEW:** Housing Cooperatives, as defined in section 216(b) of the Internal Revenue Code of 1986, which employ no more than 300 employees.

- **NEW:** Affiliation rules are waived for certain newspapers, TV and radio broadcasters, and non-profit public broadcasters. FCC broadcast station license holders, newspapers, non-profit or tax-exempt private and public colleges and universities that have a public broadcasting station are eligible if:
 - The organization has no more than 500 employees per physical location or the applicable SBA size standard; and
 - The organization certifies that the loan will support locally focused or emergency information.

- **NEW:** Destination Marketing Organizations and organizations exempt under 501(c)(6) of the Internal Revenue Code are eligible if:
 - The organization does not receive more than 15 percent of receipts from lobbying;
 - The lobbying activities do not comprise more than 15 percent of activities;
 - The cost of lobbying activities of the organization did not exceed \$1,000,000 during the most recent tax year that ended prior to February 15, 2020; and
 - The organization has 300 or fewer employees.
 - 501(c)(6) organizations are not eligible if they are a professional sports league or organization with the purpose of promoting or participating in a political campaign or other political activities.
 - The Destination Marketing Organization must be exempt under section 501(c) of the Internal Revenue Code, or is a quasi-government entity or a political subdivision of a state or local government, including any instrumentality of those entities.

QUESTION: What are affiliation rules?

Answer: Affiliation rules become important when SBA is deciding whether a business’s affiliations preclude them from being considered “small.” Generally, affiliation exists when one business controls or has the power to control another or when a third party (or parties) controls or has the power to control both businesses. Please see [this resource](#) for more on these rules and how they can impact your business’s eligibility.

QUESTION: What types of non-profits are eligible?

Answer: In general, 501(c)(3), 501(c)6, 501(c)(19) organizations, as well as certain 501(c)12 and certain non-profit public broadcasters, are eligible if they meet the applicable size standard.

QUESTION: How is the loan size determined?

Answer: Depending on your business’s situation, the loan size will be calculated in different ways. More detailed information can be found on SBA’s website. For initial PPP loans, the maximum loan size is always **\$10 million**.

In general, your maximum loan amount is equal to 250 percent of your average monthly payroll costs calculated from calendar years 2019 or 2020. Borrowers who are not self-employed (including sole proprietorships and independent contractors) are permitted to use the precise 1-year period before the date on which the loan is made to calculate payroll costs if they choose not to use 2019 or 2020.

Additionally:

- **If you took out an Economic Injury Disaster Loan (EIDL) between January 31, 2020 and April 3, 2020** and you want to refinance that loan into a PPP loan, you would add the outstanding EIDL loan amount on top of your payroll calculation to calculate your PPP maximum loan amount (applicants should exclude the amount of any EIDL Advance, since it does not need to be repaid).
- **NEW:** If you are a **seasonal business**, as defined above, your max loan amount is equal to 250 percent of your average monthly payroll costs based on a selected 12-week period between February 15, 2019 and February 15, 2020.
- **NEW:** If you are a **farmer or rancher** who operates as a sole proprietor, independent contractor, self-employed individual, reports income and expenses on a Schedule F, and were in business as of February 15, 2020, you may utilize your gross income in 2019 or 2020 as reported on a Schedule F to calculate your PPP loan. A farmer or rancher who received a PPP loan before December 27, 2020 may request a recalculation of the maximum loan amount based on the new formula regarding gross income, if doing so would result in a larger covered loan.
- **NEW:** If your loan calculation has increased due to changes in SBA/Treasury regulations, you may work with your lender to modify your loan regardless if it has been fully disbursed or if Form 1502 (lender reporting form) has already been submitted. If you have returned all or part of your PPP, or did not accept the full amount, you may be able to reapply for the maximum amount applicable.

QUESTION: What costs are eligible for payroll?

Answer:

- Compensation (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
- **NEW:** Employer-provided group insurance benefits, such as group life, disability, vision, or dental insurance. This provision applies to PPP loans made before, on, or after the December 2020 changes to the law, including forgiveness of the loan.

QUESTION: What costs are not eligible for payroll?

Answer:

- Employee/owner compensation over \$100,000, as prorated on an annualized basis
- Taxes imposed or withheld under chapters 21, 22, and 24 of the IRS code
- Compensation of employees whose principal place of residence is outside of the U.S.
- Qualified sick and family leave for which a credit is allowed under sections 7001 and

QUESTION: What are allowable uses of loan proceeds?

Answer:

- Payroll costs (as defined above)
- Payments of interest on any mortgage obligation (which shall not include any prepayment of or payment of principal on a mortgage obligation)
- Rent (including rent under a lease agreement)
- Utilities
- Interest on any other debt obligations that were incurred before February 15, 2020
- **NEW: Covered operations expenditures.** Payment for any software or cloud computing service that facilitates business operations, tracking of payroll expenses, inventory, or other human resources and accounting needs.
- **NEW: Covered property damage costs.** Costs related to property damage due to public disturbances that occurred during 2020 that are not covered by insurance.
- **NEW: Covered supplier costs.** Supplier expenditures pursuant to a contract, purchase order, or order for goods in effect prior to taking out the loan that are essential to the recipient's operations at the time at which the expenditure was made. Supplier costs of perishable goods can be made before or during the life of the loan.
- **NEW: Covered worker protection expenditure.** Personal protective equipment and adaptive investments to help a loan recipient comply with federal health and safety guidelines or any equivalent State and local guidance related to COVID-19 during the period between March 1, 2020, and the end of the national emergency declaration.

QUESTION: What uses are not allowable with loan proceeds?

Answer:

Any lobbying activities, as defined by the Lobbying Disclosure Act, lobbying expenditures related to state or local campaigns, and expenditures to influence the enactment of legislation, appropriations, or regulations, are ineligible uses of PPP loans in all cases, whether the loan is forgiven or not.

QUESTION: How is the forgiveness amount determined?

Answer:

You may receive loan forgiveness equal to the sum of your payroll costs, as well as covered mortgage, rent, and utility payments, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures incurred during the covered period.

NEW: The borrower may choose a covered period between 8 and 24 weeks after the loan is issued.

To receive full loan forgiveness, you must use at least 60 percent of the PPP loan for payroll costs, as defined above, and not more than 40 percent of the loan forgiveness amount on nonpayroll costs. You must also maintain employee and compensation levels, excluding compensation over \$100,000. More information on forgiveness, including certain exceptions to the retention criteria, is found on the SBA website.

QUESTION: What are the loan term, interest rate, and fees?

Answer: To keep up to date on loan terms, visit SBA's PPP portal, [here](#).

- PPP loans have an interest rate of one percent.
- Loans issued after June 5, 2020 have a maturity of 5 years. Loans issued prior to June 5, 2020 have a maturity of 2 years, unless the lender and borrower mutually agree to modify the loan to reflect the longer maturity date.
- Loan payments will be deferred for borrowers who apply for loan forgiveness until SBA remits the borrower's loan forgiveness amount to the lender. If a borrower does not apply for loan forgiveness, payments are deferred 10 months after the end of the covered period for the borrower's loan forgiveness that is between 8 and 24 weeks after disbursement.
- No collateral or personal guarantees are required.
- Neither the government nor lenders will charge small businesses any fees.

QUESTION: How do I apply for a PPP loan?

Answer: All current SBA 7(a) lenders (see more about [7\(a\) here](#)) are eligible lenders for PPP. The Department of Treasury is in charge of authorizing new lenders, including non-bank lenders, to help meet the needs of small business owners. A more expansive list of eligible lenders by state can be found [here](#).

NEW: Farm Credit System Institutions are now eligible to issue PPP loans.

QUESTION: How do I apply for forgiveness?

Answer: You may apply for forgiveness once you have used all loan proceeds for which you are requesting forgiveness. If you do not apply for forgiveness within 10 months after the last day of the covered period, then PPP loan payments are no longer deferred and you will begin making loan payments to your PPP lender.

If your loan is more than \$150,000, contact your lender and complete the correct form, compile the required documentation, including payroll and nonpayroll documentation, and submit all of this to your lender.

If your loan is \$50,000 or less, SBA has a simplified form that requires no documentation and provides a waiver from reductions in jobs and salaries. Contact your lender for the correct form.

NEW: If your loan is between \$50,000 and \$150,000, there is a simplified forgiveness process. Your loan can be forgiven if you sign and submit to your lender a one-page certification attesting that you accurately provided the required certification and complied with PPP loan requirements. The SBA will establish this form for you to sign which will require that you provide:

- A description of the number of employees you were able to retain because of the covered loan;
- The estimated total amount of the loan spent on both payroll costs; and
- The total loan amount.

Additionally, while no documentation is required to apply for simplified forgiveness, borrowers are required to retain relevant records related to employment for four years and other records for three years. Check with your lender for more details.

QUESTION: How does a PPP loan coordinate with SBA’s existing loans?

Answer: Borrowers may apply for PPP loans and other SBA financial assistance, including Economic Injury Disaster Loans (EIDLs), 7(a) loans, 504 loans, and microloans, and also receive investment capital from Small Business Investment Corporations (SBICs). However, you cannot use your PPP loan for the same purpose as your other SBA loan(s). For example, if you use your PPP to cover payroll for the covered period, you cannot use a different SBA loan product for payroll for those same costs in that period, although you could use it for payroll costs not incurred during that period or for different workers.

QUESTION: How does the PPP loan work with the Economic Injury Disaster Loan (EIDL) Advances, the Small Business Debt Relief program, and the Shuttered Venue Grant program?

Answer: Entities that receive a grant under the [Shuttered Venue Grant program](#) are prohibited from obtaining a PPP loan. However, if you received a PPP prior to December 27, 2020, you remain eligible for PPP forgiveness and you may still apply for a Shuttered Venue Grant.

EIDL recipients and those who receive loan payment relief through [the Small Business Debt Relief Program](#) may apply for and take out a PPP loan as long as there is no duplication in the uses of funds. Debt Relief will not apply to PPP loan payments. Refer to those sections for more information.

NEW: PPP borrowers are no longer required to deduct the amount of their EIDL advance from their PPP forgiveness amount.

QUESTION: Can I take out a second PPP loan?

Answer: **NEW:** You may be eligible to take out a second PPP loan of up to \$2 million if you are a business, eligible non-profit organization, housing cooperative, veterans’ organization, tribal business, self-employed individual, sole proprietor, independent contractor, small agricultural co-operative, eligible destination marketing organization, or eligible news organization that:

- Employs not more than 300 employees;
- Has used or will use the full amount of its first PPP; and
- Has experienced at least a 25 percent revenue reduction in 2020 relative to 2019.

Check with your lender to confirm your eligibility.

QUESTION: How is the second PPP loan size determined?

Answer: In general, similar to the initial PPP loan, you may receive a loan of up to 250 percent of your average monthly payroll costs as calculated based on calendar years 2019 or 2020, or in some cases, the 1-year prior to the loan. The maximum loan amount for second draw PPP loans is **\$2 million**.

As with initial PPP loans, seasonal employers may calculate their maximum loan amount based on a 12-week period between February 15, 2019 and February 15, 2020.

FAQ’s continue on the next page!

NEW: Entities in industries assigned to NAICS code 72 (Accommodation and Food Services) may receive second draw loans of up to 350 percent of the average monthly payroll costs.

QUESTION: Is my second PPP loan similar to my first?

Answer: Many of the terms and processes for the initial PPP loans will remain the same for second draw PPP loans. For second draw PPP loans:

- Neither the government nor lenders will charge small businesses any fees.
- The guarantee percentage is 100 percent.
- No collateral or personal guarantees will be required.
- The maturity is five years.
- The interest rate is one percent.
- Waivers of affiliation rules that applied during initial PPP loans apply to a second loan.
- Businesses with multiple locations that are eligible entities under the initial PPP requirements may employ not more than 300 employees per physical location.
- Borrowers of a PPP second draw loan would be eligible for loan forgiveness equal to the sum of their payroll costs, as well as covered mortgage, rent, and utility payments, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures incurred during the covered period. The 60/40 cost allocation between payroll and non-payroll costs in order to receive full forgiveness will continue to apply.

Contact your lender to apply for a second draw PPP loan.

QUESTION: What are the documentation requirements when applying for a second draw PPP loan?

Answer: The documentation required to substantiate an applicant's payroll cost calculations is generally the same as documentation required for first draw PPP Loans. However, no additional documentation to substantiate payroll costs is required if you use calendar year 2019 to determine both the first and second draw loan amounts (instead of calendar year 2020) and use the same lender for both loans. However, the lender may request additional documentation if necessary.

If your loan is greater than \$150,000, you must also submit documentation to establish a 25 percent or greater revenue reduction in 2020 relative to 2019. Such documentation may include relevant tax forms or quarterly financial or bank statements. Check with your lender for more information.

If your loan is \$150,000 or less, such documentation to establish the revenue decline is not required during the application process, but must be submitted on or before the date you apply for forgiveness. If you do not submit an application for loan forgiveness, such documentation must be provided upon SBA's request. Check with your lender for more information.

Small Business Debt Relief Program

Established by the *CARES Act*, this program provides immediate relief to small businesses with non-disaster SBA loans, in particular 7(a), 504, and microloans. Under it, the SBA pays 6 months of principal, interest, and any associated fees that borrowers owe for all current 7(a), 504, and Microloans in regular servicing status as well as new 7(a), 504, and Microloans disbursed prior to September 27, 2020.

NEW: Borrowers who received relief for six months under the *CARES Act* will have SBA resume payments of payment and interest (P&I) for an additional three months beginning in February 2021. Going forward, those payments will be capped at \$9,000 per borrower per month. After that three-month period, the hardest-hit and smallest borrowers will be eligible to receive an additional five months of relief, also capped at \$9,000 per borrower per month. SBA payments of P&I on the first 6 months of newly approved loans will resume for all loans approved between February 1 and September 30, 2021, capped at \$9,000 per month.

FREQUENTLY ASKED QUESTIONS

QUESTION: Which SBA loans are eligible for debt relief under this program?

Answer: 7(a) loans not made under the Paycheck Protection Program (PPP), 504 loans, and microloans. Disaster loans are not eligible (see [page 11](#) for more information on these).

QUESTION: How does debt relief under this program work with a PPP loan?

Answer: Borrowers may separately apply for and take out a PPP loan, but debt relief under this program will not apply to a PPP loan.

QUESTION: How do I know if I'm eligible for a 7(a), 504, or microloan?

Answer: In general, businesses must meet [size standards](#), be based in the U.S., be able to repay, and have a sound business purpose. To check whether your business is considered small, you will need your business's 6-digit North American Industry Classification System (NAICS) code and 3-year average annual revenue. Each program has different requirements, see <https://www.sba.gov/funding-programs/loans> for more details.

QUESTION: What is a 7(a) loan and how do I apply?

Answer: 7(a) loans are an affordable loan product of up to \$5 million for borrowers who lack credit elsewhere and need access to versatile financing, providing short-term or long-term working capital and to purchase an existing business, refinance current business debt, or purchase furniture, fixtures and supplies. In the program, banks share a portion of the risk of the loan with SBA. There are many different types of 7(a) loans, you can visit [this site](#) to find the one that's best for you. You can apply for a 7(a) loan with a bank or a mission-based lender. SBA has a free referral service tool called [Lender Match](#) to help find a lender near you.

QUESTION: What is a 504 loan and how do I apply?

Answer: The [504 Loan Program](#) provides loans of up to \$5.5 million to approved small businesses with long-term, fixed-rate financing used to acquire fixed assets for expansion or modernization. It is a good option if you need to purchase real estate or machinery. You apply through a Certified Development Company, which is a non-profit corporation promoting economic development. SBA has a free referral service tool called [Lender Match](#) to help find a lender near you.

QUESTION:	What is a microloan and how do I apply?
Answer:	The Microloan Program provides loans up to \$50,000 to help small businesses and certain not-for-profit childcare centers to start up and expand. The average microloan is about \$13,000. These loans are delivered through mission-based lenders who are also able to provide business counseling. SBA has a free referral service tool called Lender Match to help find a microlender near you.
QUESTION:	I already have a qualifying SBA loan. Do I need to do anything to access this relief?
Answer:	No, the payments will be provided automatically. Contact your lender with any questions about this debt relief.
QUESTION:	Am I eligible for the additional five months of relief after the initial three-month period?
Answer:	All borrowers with qualifying loans approved by the SBA prior to the <i>CARES Act</i> will receive an additional three months of P&I, starting in February 2021. An additional five months (eight total) of relief is targeted to borrowers with the smallest loans, located in underserved markets, or operating in the hardest-hit sectors. They include: <ul style="list-style-type: none"> • Borrowers with SBA microloans or 7(a) Community Advantage loans; • Borrowers with any 7(a) or 504 loan in the hardest-hit sectors, as measured by the severity of sector-wide job losses since the start of the pandemic, including food service and accommodation; arts, entertainment, and recreation; charter bus and ground transportation; education; and laundry and personal care services. The following two- and three-digit NAICS code categories are covered: 61, 71, 72, 213, 315, 448, 451, 481, 485, 487, 511, 512, 515, 532, and 812. <p>These payments are capped at \$9,000 per borrower per month.</p>
QUESTION:	I am already receiving SBA debt relief on one loan. Can I receive additional SBA debt relief on a second loan?
Answer:	Any business or applicant may only receive payment of P&I for one loan approved after <i>CARES Act</i> enactment. Borrowers receiving relief on one loan approved prior to the <i>CARES Act</i> may still receive P&I payments on one qualifying new loan taken out after the <i>CARES Act</i> .
QUESTION:	I am unfamiliar with SBA loans, can anyone help me apply?
Answer:	Yes, SBA resource partners are available to help guide you through the loan application process. You can find your nearest Small Business Development Center (SBDC) or Women’s Business Center here .

Economic Injury Disaster Loans (EIDL) & Advances

The *CARES Act* created the EIDL Advance program to provide emergency grants of up to \$10,000 to small businesses and other eligible entities harmed by COVID-19. To access the advance, eligible entities were to first apply for an EIDL loan and then request the advance. **The advance does not need to be repaid**, and may be used to keep employees on payroll, to pay for sick leave, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent and mortgage payments. EIDL Advance recipients do not have to be approved for an EIDL loan to receive the EIDL Advance.

Due to high demand and limited funding after the passage of the *CARES Act*, the SBA placed limitations on the grant amounts determined by the number of employees indicated on the EIDL application: \$1,000/employee, up to the maximum of \$10,000. On July 11th, 2020, funding for the EIDL Advance program lapsed and Advances were no longer available.

NEW: The end-of-year COVID-19 relief package replenishes the EIDL Advance program, targets the \$10,000 advances to eligible entities in low-income communities, and extends the covered period through December 31, 2021.

FREQUENTLY ASKED QUESTIONS

QUESTION: What is an EIDL and what is it used for?

Answer: EIDLs are lower interest loans of up to \$2 million, with principal and interest deferment at the SBA Administrator’s discretion, that are available to pay for expenses that could have been met had the disaster not occurred, including payroll and other operating expenses.
Due to high demand, the SBA has implemented a cap on EIDL loans at \$150,000.

QUESTION: Who is eligible for an EIDL?

Answer: Those eligible are the following with 500 or fewer employees:

- Sole proprietorships, with or without employees
- Independent contractors
- Cooperatives and employee owned businesses
- Agricultural enterprises
- Tribal small businesses

Small business concerns and small agricultural cooperatives that meet the applicable size standard for SBA are also eligible, as well as most private non-profits of **any** size. See [below](#) for more info on size standards.

QUESTION: My private non-profit is not a 501(c)(3). Is it still eligible for an EIDL?

Answer: Yes, if you are a private non-profit with an effective ruling letter from the IRS, granting tax exemption under sections 501(c), (d), or (e) of the Internal Revenue Code of 1954, or if you can provide satisfactory evidence from the State that the non-revenue producing organization or entity is a non-profit one organized or doing business under State law.

However, a recipient that is principally engaged in teaching, instructing, counseling, or indoctrinating religion or religious beliefs, whether in a religious or secular setting, or primarily engaged in political or lobbying activities is not eligible to receive an EIDL. If you are uncertain whether you qualify, please consult with legal counsel to determine whether your organization meets program criteria.

QUESTION: Am I eligible for a Targeted EIDL Advance?

Answer: **NEW:** The year-end COVID-19 relief legislation provides additional funding for targeted \$10,000 grants through the EIDL Advance program. Those eligible are entities that:

- Are eligible for an EIDL and apply during the covered period from January 31, 2020 through December 31, 2021;
- Are located in a low-income community, as defined by Section 45D(e) of the Internal Revenue Code;
- Have suffered an economic loss of greater than 30 percent; and
- Employ not more than 300 employees.

QUESTION: What is considered an “economic loss”?

Answer: For purposes of the Targeted EIDL Advance, an “economic loss” is the amount by which your business’ gross receipts declined during an 8-week period between March 2, 2020 and December 31, 2021, relative to a comparable 8-week period immediately preceding March 2, 2020, or during the 2019 calendar year. If you are a seasonal business, the SBA Administrator may determine an appropriate amount to consider an economic loss.

QUESTION: What if I already received an EIDL Advance in an amount less than \$10,000?

Answer: Eligible entities, as defined above, that already received an EIDL Advance under the *CARES Act* are eligible to receive additional funds equal to the difference of what the entity received under the *CARES Act* and \$10,000. For example, if you received an EIDL Advance equal to \$1,000, you may be eligible to receive an additional \$9,000 grant.

To secure these additional funds, you must submit a request to the SBA Administrator, subject to a verification process.

QUESTION: What if I already applied for an EIDL and did not receive an EIDL Advance?

Answer: If you are an eligible entity that already applied for EIDL and did not receive an EIDL Advance because funding had run out, you may request the \$10,000 Targeted EIDL Advance from SBA.

QUESTION: If I get an EIDL and/or an EIDL Advance, can I get a PPP loan?

Answer: Whether you’ve already received an EIDL unrelated to COVID-19 or you receive a COVID-19 related EIDL and/or EIDL Advance, you may also apply for a PPP loan. However, you cannot use your EIDL for the same purpose as your PPP loan. For example, if you use your EIDL to cover payroll for certain workers in April, you cannot use PPP for payroll for those same workers in April, although you could use it for payroll in March or for different workers in April.

NEW: The end-of-year COVID-19 relief package eliminates the requirement that PPP borrowers deduct the amount of the EIDL Advance from their PPP forgiveness amount. This can be retroactively applied to PPP loans before, on or after the December 2020

changes to the law. The SBA is also directed to issue regulations that allow PPP borrowers who already received forgiveness to be made whole if their EIDL Advance was deducted from their forgiveness amount.

QUESTION: How do I know if my business is a small business?

Answer: Please visit <https://www.sba.gov/size-standards> to find out if your business meets SBA's small business size standards. You will need the 6-digit North American Industry Classification Code for your business and your business's 3-year average annual revenue.

QUESTION: How do I apply for an economic injury disaster loan?

Answer: To apply for an EIDL online, please visit <https://covid19relief.sba.gov/#/>. Your [SBA District Office](#) is an important resource when applying for SBA assistance.

QUESTION: I am unfamiliar with the EIDL process, can anyone help me apply?

Answer: Yes, SBA resource partners are available to help guide you through the EIDL application process. You can find the nearest Small Business Development Center (SBDC), Women's Business Center, or SCORE mentorship chapter at <https://www.sba.gov/local-assistance/find/>.

Save Our Stages (SOS): Shuttered Venue Operator Grants

NEW: Established by the recent COVID relief legislation, this program will provide relief in the form of grants to live venue operators or promoters who have been significantly adversely affected by the economic effects of the COVID-19 pandemic. The SBA is working to establish and launch this program in the coming days and weeks.

FREQUENTLY ASKED QUESTIONS

QUESTION: What types of businesses and entities are eligible for a Save Our Stages (SOS) Grant?

Answer: Businesses and entities must have been in operation on February 15, 2020 and demonstrate at least a 25% reduction in gross revenues in the first, second, third, or fourth quarters in 2020 as compared to the same quarter in 2019. Eligible entities include:

- Live venue operators or promoters
- Theatrical producers
- Live performing arts organization operators
- Museum operators
- Motion picture theatre operators
- Talent representatives

QUESTION: What is the maximum grant amount that my venue or business can receive?

Answer: The Small Business Administration may award an initial grant of up to \$10 million dollars and, if funding is available, a supplemental grant that is equal to 50% of the initial grant. However, the total amount received by an entity for an initial and supplemental grant may not exceed \$10 million.

QUESTION: How is the grant award amount calculated?

Answer: Grant awards are calculated based on which is the lesser amount of:

- I. The amount equal to 45% of the gross earned revenue during 2019, if in operation on January 1, 2019 (for entities that began operations after January 1, 2019, this amount would be equal to 6x the average monthly gross earned revenue for each full month during 2019); and
- II. \$10,000,000

QUESTION: When will I receive my SOS grant?

Answer: Grants will be awarded based on the amount of financial loss that your operation has experienced:

- In the initial 14-day period of implementation, the Small Business Administration will award grants to eligible entities that have experienced a 90% or greater revenue loss between April 1, 2020 and Dec. 31, 2020, as compared to the same period in 2019.
- In the next 14-day period after the first 14-day period of implementation, the Small Business Administration will award grants to eligible entities that have experienced a 70% or greater revenue loss between April 1, 2020 and Dec. 31, 2020, as compared

to the same period in 2019.

- After these two periods, grants will be awarded to all other eligible entities.

QUESTION: My eligible entity employs less than 50 people full-time. What protections are in place for small operators like me?

In the initial 60 days of implementation, the Small Business Administration will set aside \$2 billion nationwide for small entities that employ less than 50 full-time equivalent (FTE) employees. An employee working 30 hours or more per week is one FTE, and an employee working between 10 – 30 hours per week is one-half FTE. After the 60 day period, any remaining funds will be made available to other eligible entities.

QUESTION: What are eligible uses of the Shuttered Venue Operator grant?

Answer: Eligible uses include:

- payroll costs
- rent or mortgage
- utilities
- payments made to independent contractors, as reported on Form-1099 MISC
- ordinary business expenses such as maintenance, licensing fees, taxes, operating leases, insurance policies, advertising, and production transportation.
- worker protection items, e.g. personal protective equipment

Counseling & Training

If you, like many small business owners, need a business counselor to help guide you through this uncertain time, you can turn to your local Small Business Development Center (SBDC), Women’s Business Center (WBC), or SCORE mentorship chapter. These resource partners, and the associations that represent them, have received additional funds to expand their reach and better support small business owners with counseling and up-to-date information regarding COVID-19. To find a local resource partner, visit <https://www.sba.gov/local-assistance/find/>.

In addition, the Minority Business Development Agency’s Business Centers (MBDCs), which cater to minority business enterprises of all sizes, have received funding to hire staff and provide programming to help their clients respond to COVID-19. Not every state has a MBDC. To find out if there is one that services your area, visit [this site](#). Another useful tool is the Federal Resources for Small Businesses website that consolidates COVID-19 information and resources across the federal government. Find out more [here](#).

FREQUENTLY ASKED QUESTIONS

QUESTION: Do I have to pay for counseling and training through SBDCs, WBCs, and MBDCs?

Answer: Counseling is free and training is low-cost with these partners. The additional funds that Congress provided will help keep this possible. Mentorship through SCORE is always free.

QUESTION: What is a SBDC?

Answer: SBDCs are a national network of nearly 1,000 centers that are located at leading universities, colleges, state economic development agencies and private partners. They provide counseling and training to new and existing businesses. Each state has a lead center that coordinates services specifically for that state, which you can find by clicking the link above. To find out more about SBDCs, visit <https://americassbdc.org/about-us/>.

QUESTION: What is a WBC; is it only for women?

Answer: WBCs are a national network of more than 100 centers that offer one-on-one counseling, training, networking, workshops, technical assistance and mentoring to entrepreneurs on numerous business development topics. In addition to women, WBCs are mandated to serve the needs of underserved entrepreneurs, including low-income entrepreneurs. They often offer flexible hours to meet the needs of their diverse clientele. To find out more about WBCs, visit <https://www.awbc.org/>.

QUESTION: What is SCORE?

Answer: SCORE provides free, confidential business advice through our volunteer network of 10,000+ business experts. You can meet with a mentor online. Find out more [here](#).

QUESTION: Who do MBDCs serve?

Answer: MBDCs are a good option for minority-owned businesses (including those owned by Black, Hispanic, Asian American/Pacific Islander, and American Indian business owners), especially those seeking to penetrate new markets — domestic & global — and grow in size and scale.

Contracting

If you are a government contractor, there are a number of ways that Congress has provided relief and protection for your business.

The current 9-year limit on a small business's participation in the Small Business Administration's (SBA's) 8(a) Business Development Program is extended to 10 years. Small businesses are eligible for the extension if they were 8(a) certified on or before September 9, 2020—180 days after the Trump administration declared the COVID-19 pandemic a national emergency.

Agencies are 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 until March 31, 2021. 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).

Small Business Tax Provisions

Employee Retention Credit for Employers Subject to Closure or Experiencing Economic Hardship

The new relief bill expands and extends for six months the Employee Retention Tax Credit, which is a refundable payroll tax credit established in the *CARES Act* and designed to help employers who are subject to closure or experiencing economic hardship due to the pandemic. Specifically, the credit is available to employers, including businesses, certain public instrumentalities, and non-profits of all sizes, whose operations have been fully or partially suspended as a result of a government order limiting commerce, travel or group meetings, or which have experienced a significant decline in gross receipts during the calendar quarter. Starting January 1, 2021, this legislation increases the credit rate from 50 percent to 70 percent of qualified wages paid by eligible employers to certain employees during the COVID-19 crisis. It also expands the eligibility of the credit by reducing the required year-over-year quarterly gross receipts decline from 50 percent to 20 percent.

Starting in January 2021, the bill increases the 100-employee delineation for determining the relevant qualified wage base to employers with 500 or fewer employees. This means that eligible employers with 500 or fewer full-time employees will be able to claim all wages paid to employees regardless of whether an employee is furloughed. For employers with more than 500 full-time employees, only wages of employees who are furloughed or face reduced hours as a result of their employer's closure or economic hardship are eligible for the credit. The credit is refundable for all employers and advanceable for employers with 500 or less employees. Instead of waiting until the next tax filing, these smaller employers can receive up to a full quarter's worth of credits upfront, using prior year payroll information, to help cover payroll costs.

Additionally, the bill increases the limit on per-employee creditable wages from \$10,000 annually to \$10,000 for each quarter, starting January 2021. This will allow employers to claim up to a total maximum credit amount per eligible employee of \$14,000 for the first two quarters in 2021. The credit is provided for wages and compensation, including health benefits. Wages do not include those taken into account for purposes of the payroll credits for paid sick leave or paid family leave, nor for wages taken into account for the employer credit for paid family and medical leave (IRC sec. 45S). The credit is provided through July 1, 2021.

- **Under this legislation, the credit will be available to employers receiving assistance through the Paycheck Protection Program with respect to wages paid that are not counted towards the employer's loan forgiveness, retroactive to the effective date of the *CARES Act*. Updated [IRS guidance](#) on this credit is forthcoming.**

Clarification of Tax Treatment of Paycheck Protection Program Loans and other SBA Financial Assistance Programs.

The bill specifies that forgiven Paycheck Protection Program (PPP) loans will not be included in taxable income. It also clarifies that otherwise-allowable deductions are allowed for expenses paid with proceeds of a forgiven PPP loan, effective as of the date of enactment of the *CARES Act* and applicable to subsequent PPP loans. This same tax treatment also applies to EIDL grants, grants for shuttered venues, and certain other loan repayment assistance.

- **IRS guidance on this clarification of tax treatment is forthcoming.**

Paid Sick and Family Leave Tax Credits

This legislation extends the refundable payroll tax credits for paid sick and family leave, enacted in the *Families First Coronavirus Response Act*, through March 31, 2021. Employers that elect to provide this paid leave to employees as though the corresponding employer mandates in FFCRA were extended through the end of March 2021 may receive payroll tax credit for such leave.

- **Updated [IRS guidance](#) on these credits is forthcoming.**

Delay of Payment of Employer Payroll Taxes

The *CARES Act* allows taxpayers to defer paying the employer portion of certain payroll taxes through the end of 2020, with all 2020 deferred amounts due in two equal installments, one at the end of 2021, the other at the end of 2022. Payroll taxes that can be deferred include the employer portion of FICA taxes, the employer and employee representative portion of Railroad Retirement taxes (that are attributable to the employer FICA rate), and half of SECA tax liability. No changes were made to the employer payroll tax deferral in this new relief legislation.

- **The *PPP Flexibility Act*, enacted in June 2020, amended section 2302 of the *CARES Act* to allow an employer that receives a PPP loan to defer the payment and deposit of the employer's share of payroll tax, even if the loan is forgiven. IRS guidance regarding the deferral can be found [here](#).**

If you have additional questions, please contact my office via email at:
smallbusiness@cardin.senate.gov