



Navigating the CARES Act

How It Can Help Your Business

Paycheck Protection Program (PPP)

- \$349 billion was approved for small businesses through federally backed loans beginning on February 15, 2020 and ending on June 30, 2020. Lenders who are authorized to make loans under the SBA's current Business loan Program are automatically approved to make and approve PPP Loans.
- Designed for any business, nonprofit organization, veterans' organization or Tribal business that does not employ more than 500 employees, sole proprietors, independent contractors and eligible self-employed individuals
- Loans can be given for 2.5 times the average total monthly payroll costs incurred during the 1-year period before the loan plus the outstanding amount of a loan under SBA 7(b)(2) (EIDL) that was made after 1/31/20 but before the date PPP loans were available or \$10,000,000

Payroll costs include:

- Salaries, wages, commission, or similar compensation
- Payment of cash tip or equivalent
- Payment for vacation parental, family, medical or sick leave
- Allowance for dismissal or separation
- Any retirement benefits, and group health care costs
- Sum of payments of any compensation to or income of a sole proprietor or independent contractor that is a wage, commission, income, net earnings from self-employment, or similar compensation capped at \$100K
- Loan proceeds must be used for payments of payroll costs, interest on any mortgage obligations, rent, utilities, interest on any debt, other permissible uses under SBA Section 7(a) during February 15, 2020 through June 30, 2020.

Application Process

1. Application process is directly with SBA approved lenders (your bank)
2. Lenders need to consider applicant paid salaries and payroll taxes for employees or independent contractors.
3. Need to gather quarterly Forms 941 for 2019, and/or breakdown of payroll expenses, 1099's for independent contractors that would otherwise be an employee of your business

Navigating the CARES Act

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Paycheck Protection Program (PPP) cont'd

PPP – Loan Forgiveness

- PPP loans qualify for tax-free loan forgiveness equal to the total amount borrower expends within 8-weeks after the loan for payroll costs, payments of interest on mortgage obligations, rent, utility payments.
- Forgiveness amounts will be reduced by a percentage to reflect employee cuts or reductions in wages between February 15th and June 30th.
- Amounts not forgiven have 10-year amortization; 4% maximum interest rate
- There will be an application process to submit for loan forgiveness. Companies should make sure to separately track eligible costs for 8-week period after receiving PPP loan
- No collateral or guarantees required

WEBSITE

<https://www.sba.gov/funding-programs/loans/paycheck-protection-program-ppp#section-header-4>

Application

<https://www.sba.gov/document/sba-form--paycheck-protection-program-ppp-sample-application-form>

*** PLEASE NOTE: this summary is based on information currently available and may be subject to change ***

April 2, 2020