

The CARES Act: Relief for Small Business Owners

Small businesses impacted by the pandemic and economic downturn have a new resource for payroll and other expenses.

Passed on March 27, 2020, the CARES Act provides an estimated \$2 trillion in fiscal stimulus to combat the economic impact of COVID-19, including specific support in the Paycheck Protection Program (PPP) for small businesses to cover expenses such as payroll costs through June 30, 2020. The PPP is a partially forgivable loan program offered through the Small Business Administration (SBA).

Paycheck Protection Program

ELIGIBILITY

- Businesses, including sole proprietors and nonprofits, with fewer than 500 employees per location
- Businesses that meet the SBA's industry-based size standard requirements for the applicable NAICS code
- Eligible borrowers are required to make a good-faith certification that the loan is necessary due to the uncertainty of current economic conditions caused by COVID-19

DURATION & AMOUNT

- Maximum maturity of 2 years
- Interest capped at 1.0%
- Amount lesser of \$10 million or 2.5 times the average monthly payroll costs over the previous year (excluding annual compensation of over \$100,000 per person)

COVERED EXPENSES

- Payroll costs
- Group health insurance premiums and other healthcare costs
- Salaries and/or commissions
- Rent
- Mortgage interest (excluding amounts prepaid)
- Utilities
- Other business interest incurred prior to 2/15/20

LOAN FORGIVENESS

- All or a portion of the loan can be forgiven
- The amount eligible for forgiveness is the amount spent on approved expenses during the first eight weeks after the loan is made, such as payroll costs, excluding prorated amounts for individuals with compensation greater than \$100,000; rent pursuant to a lease in force before 2/15/20; electricity, gas, water, transportation, telephone, or internet access expenses for services that began before 2/15/20; and group health insurance premiums and other healthcare costs
- The amount forgiven can be reduced ratably by any reductions in employee wages (over 25% per employee) or a reduction in the number of employees during the loan period

TAXES

- Any debt forgiven is not included as taxable income for the year

HOW TO APPLY

- Businesses 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
- A list of participating lenders as well as additional information and full terms can be found at [sba.gov](https://www.sba.gov)

For additional questions regarding small business assistance, please contact your advisor.

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