

BUSINESS ECONOMIC RELIEF PROGRAMS



U.S. Small Business
Administration



accd.vermont.gov/covid-19

www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources

Employee Retention Tax Credit • *ERTC*

Families First Coronavirus Response Act • *FFCRA*

Payroll Protection Program – First Draw • *PPP 1*

Payroll Protection Program – Second Draw • *PPP 2*

Economic Injury Disaster Loan • *EIDL*

Shuttered Venue Operators Grant • *SVO*

Employee Retention Tax Credit • ERTC

- Established under CARES Act, improved under CAA21
- Refundable tax credit calculated on payroll and health expenses
- Almost immediate access to \$'s by reducing payroll tax deposits or by receiving a refund of taxes.
- Qualifier is “full or partial suspension” or % revenue reduction
- You can take a PPP Loan and ERTC (this changed with CAA21)

Employee Retention Tax Credit • ERTC

(continued)

- Different rules/limits in 2020 vs. 2021 (2021 is more generous)
- Up to **\$5,000** per employee for **2020**.
- Up to **\$14,000** per employee for **2021**
- No “application”. **The credit is taken on IRS Form 941/943**
- If you qualify - 10 Employees - \$50,000 in 2020 /\$ 140,000 in 2021
- Unlimited funding / Time to amend using statute of limitations

Families First Coronavirus Response Act • *FFCRA*

- Tax Credit to cover costs of providing employees with required sick leave and family medical leave for reasons related to COVID-19
- This is a refundable tax credit
- Generally, applies to **all employers with <500 employees**
- Began April 1, 2020, Ends March 31, 2021

Families First Coronavirus Response Act • *FFCRA*

(continued)

- The Employer receives a tax credit based upon required wages paid and employer paid health insurance coverage. Credit is taken on Form 941 or 943
- If you were entitled to the credit, missed it and provided leave, **payroll returns can be amended, and a refund can be received**
- No “double dipping”can’t use forgiven PPP funds to generate an FFCRA or ERTC tax credit

Payroll Protection Program - First Draw • *PPP 1.0*

- Under CCA21, **PPP 1.0** has re-opened
- Generally, the PPP 1.0 eligibility rules remain largely the same. **Forgivable loans.**
- Borrowers may calculate loan amount on 2019, 2020 or specific one year period.
- **Self employed individuals and partnerships are** eligible (always were)
- **Eligible entities who have not received a First Draw loan may apply**

Payroll Protection Program - First Draw • *PPP 1.0* (continued)

- Borrowers who were **approved** for a loan but did not draw the full amount **may go back and draw the balance**
- Borrowers who **cancelled** or **repaid** the loan **may go back and draw the balance**
- Apply using **SBA Form 2483** (Search “SBA 2483”)
- If you receive a PPP 1.0, You can go back and apply for a Second Round, but you must have used the First Draw funds on eligible expenses first. ***This applies to all Second Draw Borrowers as well***
- Some good guidance here (summary of last eight months’ IFRs);

Payroll Protection Program - Second Draw • *PPP 2.0*

- Eligibility Requirements Under PPP 2.0 Are Slightly Narrower
- **300 or fewer employees and a 25% reduction in revenue in a traditional (ex. 4/01/20 – 6/30/20) quarter. 2020 compared to 2019. You only need one quarter at a 25% reduction to qualify.**
- Borrowers may calculate loan amount on 2019, 2020 or specific one year period
- Restaurants and hospitality (NAICS “72”) receive a loan amount using a **3.5 times multiplier (40% more)**. All others – 2.5 multiplier
- **Affiliation Rules** still apply, but have been waived for NAICS “72” (restaurants and hospitality) and eligible news organizations

Payroll Protection Program - Second Draw • *PPP 2.0* (continued)

- **Affiliation Rules** still apply, but have been waived for NAICS “72” (restaurants and hospitality) and eligible news organizations
- If you **own or control** more than one business, see ***Affiliate Rules***
- You cannot receive a PPP 2.0 without having first received a PPP 1.0
- If you receive a “Shuttered Venue Grant”, **you are not eligible**
- Apply using SBA Form 2483-SD (Search “SBA 2483-SD”)
- Guidance (IFR) on PPP 2.0;

<https://home.treasury.gov/system/files/136/PPP-IFR-Second-Draw-Loans.pdf>

Economic Injury Disaster Loan • *EIDL*

- Long term direct loan program (**not forgivable**) made directly with SBA to meet financial obligations and operating expenses.
Broad allowance of use
- Generally, **businesses with <500 employees and non-profits are eligible**
- Businesses located in an “**economically distressed area**”, who experienced an economic loss of 30% will qualify for an **additional Targeted EIDL Advance (generally \$10,000)**
- **Loan amount depends upon need/application.** Generally, six months working capital

Economic Injury Disaster Loan • *EIDL* (continued)

- Borrowers **can utilize EIDL and PPP (1.0 and 2.0)**. Borrowers cannot use loan funds for the same purpose
- 30 year term, 3.75% for businesses, 2.75% for non-profits
- No prepayment penalty
- Payments are **deferred one year**
- Fact sheet / Apply here;

Shuttered Venue Operators Grant • *SVO*

- Established under CAA21
- \$15bn to eligible applicants who **may qualify for SVO Grants equal to 45% of their gross earned revenue**. Maximum award of \$10m
- **\$2bn reserved** (not limited) for **eligible applicants with less than 50 employees**
- Eligible entities include **Live Venue Operators or Promoters, Theatrical Producers, Live Performing Arts Organization Operators, Relevant Museums, Zoos and Aquariums, Motion Theater Operators** and Talent Representatives

Shuttered Venue Operators Grant • *SVO* (continued)

- Broad allowed use of grant funds
- Qualifying applicants with 50 or less employees **will be given priority**
- Grants will be awarded using a tiered structure to provide funds to those suffering the greatest loss first (First Round – 90% or greater revenue loss, then 70%, then 25% and so on)
- **Program is not yet live.** Program information here;

www.sba.gov/funding-programs/loans/coronavirus-relief-options/shuttered-venue-operators-grant

LINKS TO RESOURCES

Vermont Agency of Commerce and Community Development (ACCD);

<https://accd.vermont.gov/>

ACCD Webinar Series (Past and Present);

accd.vermont.gov/covid-19/pandemic-information-for-vermont-businesses-webinar-series

U.S. Small Business Administration, Montpelier, VT Office;

www.sba.gov/offices/district/vt/montpelier

Accessing Capital for Minority, Underserved, Veteran and Women Owned Businesses;

<https://www.sba.gov/sites/default/files/2021-01/Guidance%20on%20Accessing%20Capital%20for%20Underserved-508.pdf>

Guidance – PPP 1.0 and PPP 2.0 IFR's and Affiliation Rules

<https://www.sba.gov/sites/default/files/2021-01/PPP%20--%20IFR%20--%20Paycheck%20Protection%20Program%20as%20Amended%20by%20Economic%20Aid%20Act%20%281.6.2021%29-508.pdf>

<https://www.sba.gov/sites/default/files/2021-01/PPP%20--%20IFR%20--%20Second%20Draw%20Loans%20%281.6.2021%29-508.pdf>

<https://www.sba.gov/sites/default/files/2020-06/Affiliation%20rules%20overview%20%28for%20public%29%20v2-508.pdf>