

# **Guide to COVID-19 Employer Relief Options**

# Financial relief for small businesses and organizations impacted by COVID-19

Congress has enacted several stimulus laws that provide financial relief for businesses impacted by the COVID-19 pandemic. This Guide highlights the major relief provisions of the CARES Act, Economic Aid Act, American Rescue Plan, and the PPP Extension Act. As a result of these recent federal stimulus laws, the Small Business Administration (SBA) offers several relief options to help businesses and organizations recover from the impacts of COVID-19.

Although some relief programs have expired, many options are still available for small businesses and organizations.

## SBA is currently offering the following options:

- [Paycheck Protection Program \(PPP\) loans](#)
  - [First Draw PPP Loans](#)
  - [Second Draw PPP Loans](#)
- [COVID-19 Economic Injury Disaster Loan \(EIDL\)](#)
- [SBA debt relief for existing borrowers](#)

## SBA is preparing to offer the following options:

- [Shuttered Venue Operators Grant \(SVOG\)](#)
- [Restaurant Revitalization Fund Grant](#)

## SBA also has a [summary of cross-eligibility guidelines](#) for all SBA relief options:

Relief Program Recipient	PPP	SVOG	EIDL
<b>PPP</b>	First Draw PPP borrowers may be eligible to apply for Second Draw PPP Loans.	<ul style="list-style-type: none"> <li>• May apply if received a PPP loan prior to applying for SVOG.</li> <li>• If PPP loan received on or after Dec. 27, 2020, the amount will be deducted from SVOG.</li> </ul>	May apply for EIDL, but cannot be used for the same purpose/costs as PPP.
<b>SVOG</b>	May not apply for PPP loan after receiving SVOG.	May be eligible to receive a supplemental SVOG award.	May apply for EIDL, but cannot be used for the same purpose/costs as SVOG.
<b>EIDL</b>	May apply for PPP, but cannot be used for the same purpose/costs as EIDL.	May apply for SVOG, but cannot be used for the same purpose/costs as EIDL.	The same business cannot apply for more than one EIDL.

View all SBA options [here](#) or view any of this Guide's summaries of past or present programs by clicking on the links on the next page.

# Table of Contents

Ctrl+Click on a link to go directly to the section.

<b><a href="#">Paycheck Protection Plan Extension Act</a></b> (March 30, 2021) .....	<b>3</b>
<b><a href="#">American Rescue Plan Act of 2021</a></b> (March 27, 2021) .....	<b>3</b>
Loan Availability .....	3
PPP .....	3
EIDL .....	3
Grant Availability .....	3
Shuttered Venue Operators Grant .....	3
Restaurant Revitalization Fund .....	3
Tax Credits .....	4
Employee Retention Tax Credits .....	4
Tax Credits for Providing Paid Leave .....	4
<b><a href="#">Economic Aid Act</a></b> (December 27, 2020) .....	<b>5</b>
Loan Availability .....	5
PPP Second Draw Loans .....	5
EIDL .....	5
Grant Availability .....	5
Shuttered Venue Operators .....	5
<b><a href="#">Taxpayer Certainty and Disaster Tax Relief Act of 2020</a></b> (December 21, 2020) .....	<b>6</b>
Employee Retention Tax Credit Modifications .....	6
<b><a href="#">CARES Act</a></b> (March 27, 2020) .....	<b>6</b>
Loan Availability .....	7
PPP .....	7
EIDL .....	7
SBA Express Bridge Loans .....	8
Small Express Debt Relief .....	8
Main Street Fund for Medium-Sized Businesses .....	8
Tax Credits .....	8
Postponement of Payroll Tax Payments .....	9
Tax Cuts .....	9
Carryback of Net Operating Losses .....	9
Increased Deduction for Interest Expense .....	9
Accelerated Depreciation of Qualified Improvement Property .....	9



## **The Paycheck Protection Plan Extension Act of 2021**

The Paycheck Protection Plan (PPP) Extension Act of 2021, which was signed into law on March 30, 2021:

- Extends the PPP application submission deadline from March 31, 2021 to May 31, 2021, giving borrowers more time to access the funds. (The extension would apply to both First Draw and Second Draw PPP Loans.)
- Allows lenders until June 30, 2021, to submit the PPP applications to the SBA.
- Anthem's [Response Toolkit](#) summarizes state-specific information related to COVID-19 relief including information to help employers understand the updates to the PPP.



## **American Rescue Plan Act of 2021 (ARP)**

### **Loan Availability**

- **Paycheck Protection Program (PPP)**: The CARES Act established the PPP which provides small businesses with forgivable loans of up to \$10 million through the SBA 7(a) loan program. The ARP includes the following enhancements to the PPP:
  - The ARP appropriates an additional \$7.25 billion to the SBA for the PPP.
  - The law also expands PPP eligibility to include:
    - Additional tax-exempt nonprofits, such as 501(c)(5) labor and agricultural organizations and community locations of larger nonprofits, whose lobbying activities do not comprise more than 15 percent of its activities.
    - Internet publishing organizations assigned a North American Industry Classification System (NAICS) Code of 519130 and engaged in the collection and distribution of local or regional and national news and information.
  - The PPP was set to expire March 31, 2021, but the PPP Extension Act of 2021 described above extended the submission deadline to May 31, 2021.
- **Economic Injury Disaster Loan (EIDL)**: The ARP appropriates \$15 billion to the SBA to provide EIDL \$10,000 grants to small businesses eligible under the Economic Aid Act or the CARES Act.

### **Grant Availability**

- **Shuttered Venue Operators Grant (SVOG)**: The ARP provides \$1.25 billion in additional funds for the SVOG Program established under the Economic Aid Act.
  - Allows eligible applicants to access both the SVOG Program and PPP to address SVOG's delayed start.
- **Restaurant Revitalization Fund**: The ARP appropriates \$28.6 billion for the SBA to administer a grant program to restaurants through a new Restaurant Revitalization Fund. Additional details of the provisions follow:
  - The new grant program follows the enactment of a similar grant program for shuttered live venues enacted in Section 324 of the Economic Aid Act.

- Eligible restaurants must certify that the uncertainty of current economic conditions makes necessary the grant request to support the ongoing operations of the restaurant. The bill prohibits eligibility of a restaurant that:
  - Is a state or local government operated business.
  - Owns or operates more than 20 locations as of March 13, 2020.
  - Has a pending application for or has received a grant under SBA shuttered live venues grant program.
  - Is a publicly traded company.
- The maximum grant amount is \$10 million per eligible entity and any affiliated businesses, and \$5 million per physical location of the eligible entity.

## Tax Credits

- **Employee Retention Tax Credits for all Businesses:** The CARES Act established employee retention tax credits for all businesses. The Taxpayer Certainty and Disaster Tax Relief Act of 2021 (Relief Act) modified and clarified some of the CARES Act requirements.
  - The ARP allows a tax credit of up to \$50,000 per quarter for businesses started after February 15, 2020, that were forced to shut down due to government order.
  - **IRS Notice 2021-23**, released April 13, 2021, provides guidance on employee retention tax credit requirements that were established by the CARES Act and modified by the Relief Act.
- **Tax Credits for Providing Paid Leave to Employees:** The ARP allows small and midsize employers to claim refundable tax credits that reimburse them for the cost of providing paid sick and family leave to their employees due to COVID-19, including leave taken by employees to receive or recover from COVID-19 vaccinations. Self-employed individuals are eligible for similar tax credits.
  - The ARP tax credits are available to eligible employers that pay sick and family leave for leave from April 1, 2021, through Sept. 30, 2021.
  - The paid leave credits are refundable tax credits against the employer's share of the Medicare tax.
  - Eligible employers can keep the federal employment taxes that they otherwise would have deposited with their quarterly tax filing, including federal income tax withheld from employees, the employees' share of Social Security and Medicare taxes, and the eligible employer's share of Social Security and Medicare taxes with respect to all employees up to the amount of credit for which they are eligible. Eligible employers may also request an advance by filing Form 7200, Advance Payment of Employer Credits Due to COVID-19.
  - Self-employed individuals may claim comparable credits on their individual income tax return.



## **Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act)**

The Economic Aid Act provided funding for a second round of forgivable loans through the PPP for small businesses and nonprofits experiencing significant revenue losses, made programmatic improvements to PPP, funded grants to shuttered venues, and enacted emergency enhancements to other SBA lending programs.

### **Loan Availability**

- **PPP Second Draw Loans:** The Economic Aid Act creates a second round of PPP loan funding of \$284.45 billion for eligible businesses. Small businesses that have no more than 300 employees and demonstrate at least a 25 percent reduction in gross revenues between comparable quarters in 2019 and 2020 are eligible for the PPP Second Draw. Following are additional details on the PPP Second Draw Loans:
  - Extended the covered period for all PPP loans through March 31, 2021.
  - Included \$25 million for Minority Business Development Centers under the Minority Business Development Agency (MBDA) to assist minority business enterprises with technical assistance, such as applying for PPP.
  - Included \$50 million to SBA for PPP auditing and fraud mitigation purposes.
  - Borrowers receive full loan forgiveness if they spend at least 60 percent of their PPP Second Draw on payroll costs over a time period of their choosing between 8 weeks and 24 weeks.
  
- **Economic Injury Disaster Loan (EIDL):** The Economic Aid Act appropriated \$20 billion in additional targeted funding for eligible entities located in low-income communities through the EIDL Advance program from Section 1110 of the CARES Act. Following are additional details regarding the EIDL provisions in the Economic Aid Act:
  - Made entities that received an EIDL Advance eligible to receive an amount equal to \$10,000 minus the amount the entity received under the CARES Act.
  - Provided \$10,000 grants to eligible applicants that did not secure grants under the CARES Act because funding had run out.
  - Appropriated \$20 million to prevent fraud, waste, and abuse in the EIDL program.
  - Extended covered period for Emergency EIDL grants through December 31, 2021.
  - Repealed section 1110(e)(6) of the CARES Act, which requires PPP borrowers to deduct the amount of their EIDL advance from their PPP forgiveness amount.

### **Grant Availability**

- **Shuttered Venue Operators Grant (SVOG):** The Economic Aid Act established the \$15 billion SVOG grant program to support shuttered live venues, theaters, and museums that experienced at least a 25 percent reduction in revenues. The SVOG program also included the following provisions:
  - Provided enhanced verification and increased transparency of SBA's oversight to ensure funds are directly benefiting eligible entities.
  - Included a set-aside of \$2 billion for eligible entities that employ not more than 50 full-time employees.
  - The SBA may make an initial grant of up to \$10 million dollars to an eligible person or entity and a supplemental grant that is equal to 50 percent of the initial grant.
  - In the initial 14-day period of implementation of the program, grants could only be awarded to eligible entities that had faced 90 percent or greater revenue loss. In the 14-day period following the initial 14-day period, grants could only be awarded to eligible entities that have faced 70 percent or greater revenue loss. After these two periods, grants could be awarded to all other eligible entities.
  - Grants could be used only for specified expenses such as payroll costs, rent, utilities, and personal protective equipment.



## **Taxpayer Certainty and Disaster Tax Relief Act of 2020**

The Taxpayer Certainty and Disaster Tax Relief Act of 2020 extends and expands the CARES Act employee retention tax credit. It also clarifies provisions in the CARES Act.

### **Employee Retention Tax Credit Modifications**

Beginning on January 1, 2021, and through June 30, 2021:

- Increases the credit rate from 50 percent to 70 percent of qualified wages.
- Reduces the required year-over-year gross receipts decline from 50 percent to 20 percent and provides a safe harbor allowing employers to use prior quarter gross receipts to determine eligibility.
- Increases the limit on per-employee creditable wages from \$10,000 for the year to \$10,000 for each quarter.
- Increases the 100-employee delineation for determining the relevant qualified wage base to employers with 500 or fewer employees.
- Removes the 30-day wage limitation.
- Allows businesses with 500 or fewer employees to advance the credit based on wages paid in the same quarter in a previous year.
- Provides rules to allow new employers who were not in existence for all or part of 2019 to be able to claim the credit.

The following clarifications to the tax credit are retroactive to the effective date in the CARES Act:

- Clarifies that group health plan expenses can be considered qualified wages even when no other wages are paid to the employee.
- Provides that employers who receive PPP loans may still qualify for the tax credit with respect to wages that are not paid for with forgiven PPP proceeds.



## **CARES Act**

The Coronavirus Aid, Relief, and Economic Security (CARES) Act includes new resources to address the economic impact of COVID-19 on businesses of all sizes. Employers of all sizes were eligible for the broad \$454 billion **Exchange Stabilization Fund** being managed by the U.S. Department of the Treasury and the Federal Reserve to provide loans, loan guarantees, and other investments to meet cash flow needs in response to COVID-19. The Act expands existing federal loan programs, creates new tax credits, postpones employment tax payments, and includes additional tax relief.

Following are the specifics of the CARES Act relevant to businesses. Both the **Small Business Administration**<sup>1</sup> and the **Treasury**<sup>2</sup> Department issued guidance on the small business provisions.

<sup>1</sup><https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>

<sup>2</sup><https://home.treasury.gov/cares>

## Loan Availability

- **Paycheck Protection Program for Small Employers:**<sup>3</sup> This program provides employers, 501(c)(3) nonprofits, veterans organizations, and tribal small business concerns that have fewer than 500 employees with loans of up to \$10 million through the Small Business Administration 7(a) loan program (Section 1102). Lenders could begin processing loan applications as early as April 3, 2020, and the program was available through June 30, 2020. These loans will be fully forgiven if employees are kept on payroll for eight weeks and the funds are used for payroll costs including health benefits, interest on mortgages, rent, and utilities. Additional details on this program include:
  - Employers could 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. Other regulated lenders will be available to make these loans once they are approved and enrolled in the program.
  - Loan payments will also be deferred for six months. No collateral or personal guarantees are required.
  - Neither the government nor lenders will charge small businesses any fees.
  - The business must have been in operation on February 15, 2020.
  - Eligible entities also include sole proprietors, independent contractors, and other self-employed individuals.
  - Loan amounts are 250% of the average total monthly payroll costs incurred during the one-year period before the date of the loan.
  - Allowable uses of the loan include ongoing payroll support (including healthcare benefits/insurance premiums), as well as mortgage interest, rent, and utility payments.
  - All businesses are eligible irrespective of ability to pay, and if the employer maintains employment levels, it is eligible for loan forgiveness equal to the amount spent by the borrower during an eight-week period after the origination date of the loan on payroll costs, mortgage interest, rent/lease, and utilities.
  - Mandates all participating lenders to defer payments for at least six months (up to one year).
  
- **Economic Injury Disaster Loan (EIDL) & Emergency Economic Injury Grants:**
  - EIDLs allow small businesses to receive immediate cash advance payments of \$10,000 in three days and waive certain requirements on loans of less than \$200,000. To access the advance, the business first applies for an EIDL and then requests the advance. The advance does not need to be repaid under any circumstance and may be used for payroll, to pay for sick leave, or pay business obligations such as rent/mortgage and debt.
  - EIDLs are lower interest loans with principal and interest deferment at the SBA Administrator's discretion.
  - Eligible entities are businesses, cooperatives, employee stock ownership plans, and tribal small business concerns with fewer than 500 employees, or any individual operating as a sole proprietor or an independent contractor. Private nonprofit businesses of any size are also eligible.
  - An EIDL may be used for payroll and other operating expenses, but cannot be used for the same purposes as a Paycheck Protection Program loan.
  - Eligible entities can get both an EIDL and a PPP loan, but any advance amount is subtracted from the amount forgiven in the PPP.

<sup>3</sup><https://www.sba.gov/funding-programs/loans/paycheck-protection-program-ppp>



### ○ SBA Express Bridge Loans:

- The Express Bridge Loan Pilot Program allows small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 quickly.
- These loans can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing and can be a term loan or used to bridge the gap while applying for a direct **SBA Economic Injury Disaster loan**.
- If a small business has an urgent need for cash while waiting for decision and disbursement on an Economic Injury Disaster Loan, they may qualify for an SBA Express Disaster Bridge Loan.
- Loan will be repaid in full or in part by proceeds from the EIDL loan.
- **The Express Bridge Loan Pilot Program expired March 13, 2021.**

### ○ SBA Express Debt Relief:

- Eligible small businesses are those with non-disaster Small Business Administration (SBA) loans (loans not made under the PPP) and others.
- The SBA will cover all loan payments on these SBA loans for six months.
- This relief was originally available to new borrowers with eligible loans fully disbursed prior to September 27, 2020. The Economic Aid Act extended eligibility to businesses with loan applications approved prior to September 27, 2020, even if the loan was not fully disbursed.

### ○ Main Street Fund for Medium-Sized Businesses:

- Funds from the Exchange Stabilization Fund could also be used to capitalize one or more loan facilities, established by the Federal Reserve, to make direct secured business loans to companies, including those with between 500 and 10,000 employees.
- The Federal Reserve established the Main Street Lending Program to support lending to businesses and non-profit organizations that were in sound financial condition before the onset of COVID-19.
- Loans issued under the Program have a five-year maturity with no principal payments for two years and no interest payments for one year.
- Eligible lenders were able to originate new loans or increase the size of existing loans made to eligible borrowers.
- **The Program ended on January 8, 2021**, but the Federal Reserve Bank of Boston will continue to fund and administer the program until all assets mature or are sold.

## Tax Credits

- **Employee Retention Tax Credits for all Businesses:** Any employer or 501(c)(3) tax-exempt organization experiencing more than a 50 percent drop in gross receipts during the COVID-19 crisis is eligible for an advanceable or refundable payroll tax credit for keeping employees on the payroll. The amount of credit each quarter is up to 50 percent of wages (up to \$10,000) (Sec. 2301). The IRS recently released [guidance](#) on this tax credit.

- Eligible employers are those subject to a full or partial shutdown order due to the COVID-19 pandemic, or those employers who see gross receipts decline by more than 50% when compared to the same quarter in 2019.
- 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.
- For employers with 100 or fewer full-time employees, all employee wages are eligible, regardless of whether an employee is furloughed.
- Employers receiving a Paycheck Protection Program loan through the SBA are **not** eligible.

## Postponement of Payroll Tax Payments

- **Postponement of Payroll Tax Payments:** Employers and self-employed individuals can defer paying their share of applicable 2020 payroll taxes to free up cash to fund operations and support retaining employees.
  - This is not available to small employers who have had debt forgiven through the PPP.
  - Employer may defer 100% of the 6.2% employer-share of the old age, survivors, and disability insurance (OASDI) portion of the Federal Insurance Contribution Act (FICA) taxes due on wages paid after March 27, 2020, through the end of 2020.
  - Self-employed individuals may also delay the payment of 50% of the OASDI.
  - Half of the tax that would have been paid in 2020 can be paid at the end of 2021, and the other half at the end of 2022.

## Tax Cuts

- **Carryback of Net Operating Losses:**
  - Allows businesses to carry back for five years 100% of losses for tax years 2018, 2019, and 2020.
  - This will allow businesses to offset taxable income and access cash to support business operations in 2020 and future years.
- **Increased Deduction for Interest Expense:** For 2019 and 2020 increases the amount of interest expense that businesses (corporations and partners in partnership) are allowed to deduct, by increasing the limitation from 30% of adjusted taxable income to 50%. This provision allows businesses to increase liquidity with a reduced cost of capital.
- **Accelerated Depreciation of Qualified Improvement Property:** This provision classifies qualified improvement property as 15-year life, which also allows such property to be eligible for bonus depreciation.