

Things are changing rapidly, and we will do our best to keep this as up to date as possible. This information is current as of April 6th, 2020.

## USA GUIDE

# Financial Resources for Small Businesses

Use this PDF to navigate the public and private financial resources available to small businesses and restaurants. This PDF is meant as a general guide and should not be considered legal advice.

## The CARES Act

The CARES Act is a \$2 trillion financial stimulus package that includes \$377 billion in funds to specifically help small businesses and restaurants.

**How does the CARES Act affect Small Businesses?  
It includes four main parts:**

- 1 Forgivable Loans up to \$10 million via the Paycheck Protection Plan
- 2 \$10k Emergency Grants via Economic Injury Disaster Loans (EDILs)
- 3 Tax Incentives, including an employee retention tax credit
- 4 Paid Leave for COVID-19 affected employees

You can apply for both an EIDL and the Paycheck Protection Program, as long as they cover different expenses. For a much more detailed guide on the details and nuances of CARES Act, check out the [Independent Restaurant Coalition's Guide](#).

### Does Your Company Qualify as a "Small Business?"

These resources are for "small businesses" as defined by the Small Business Administration. If you have questions about your eligibility, take the quiz [here](#).

- A small business with fewer than 500 employees\*
- A small business that otherwise meets the SBA's size standard
- A 501(c) with fewer than 500 employees\*
- An individual who operators as a sole proprietor
- An individual who operators an independent contractor
- An individual who is self-employed who regularly carriers on any trade or business
- A tribal business concern that meets the SBA size standard
- A 501(c)(19) Veterans Organization that meets the SBA size standard

\*The 500 employee threshold includes all employees full-time, part-time, and any other status

# EIDLs or Economic Injury Disaster Loans

The CARES Act broadens the use of SBA Economic Injury Disaster Loans. Qualified small businesses can apply for an EIDL, request an advance of that loan up to \$10k, and the SBA will be obligated to fulfill it within three days. This money explicitly does not need to be repaid. It is effectively a grant to be used towards paid sick leave, payroll, and any operating expenses.

## What is an EIDL?

- Loans up to 2 million dollars available
- 30 year terms
- Interest rate 3.75% for small businesses, and 2.75% for non-profits
- First month's payments are deferred a full year from the date of the promissory note

## What's new with the CARES Act?

Repayment ability and tax returns are no longer required. EIDLs can be approved solely on your credit score, and prior bankruptcy doesn't disqualify you.

EIDLs smaller than \$200,000 can be approved with a personal guarantee. That means they are not requiring real estate as collateral.

There is a \$10,000 emergency grant cash advance that can be forgiven if spent on paid leave, payroll, increased costs due to disrupted supply chain, repayment obligations that cannot be met due to revenue loss, or mortgage or lease payments.

**You can get emergency cash even if you don't qualify for any additional loans.**

It includes sole proprietors, independent contractors, tribal business, cooperatives, ESOPs with fewer than 500 employees and all non-profits (including 501(c)(6)s).

You can apply for this loan if you have a credit elsewhere.

**Apply Here** and make sure to specify the economic loss as it pertains to COVID-19. Do not fill out the physical damage part, if it doesn't apply.

Please keep in mind when applying for this loan, you'll need to provide specific information about your financial assets and liabilities for your individual and your business.

## Disaster Loan Assistance Eligibility:

Must be a business with less than 500 employees OR Must be an individual who operates under a sole proprietorship, with or without employees, or as an independent contractor. Must have been in business by January 31, 2020 to qualify.

## Resources + Links

[Apply for a loan at COVID19Relief.SBA.gov](https://www.sba.gov/loans/apply-for-a-loan)

[Video detailing the process and what to expect](#)

[Getting Cash for Your Small Business by Forbes](#)

## Sources

[Getting Cash For Your Small Business Through the CARES Act](#)

# Paycheck Protection Program

This plan provides government-backed loans to help cover the costs of payroll and operating expenses. A business is able to apply for a loan equal to 10 weeks of payroll, up to \$10 million.

Borrowers have up to eight weeks of operating expenses forgiven from their loan amount. However, the amount of loan forgiveness is directly reduced relative to layoffs or salary deductions.

It's recommended that you apply with your existing bank or financial lender. If that is not possible, you can visit [sba.gov/lendermatch](https://sba.gov/lendermatch) to find another lender.

## What's Included?

- Maximum of \$10 million, or 2.5x the average monthly payroll costs (including wages for employees making under \$100,000, as well as paid sick leave, healthcare, and other benefits during the 1 year period before the loan date but excludes all 1099 employees).
- Interest rate of 1%
- 2 year repayment terms
- Payments deferred up to 6-12 months
- No personal guarantee or collateral required

## How does Loan Forgiveness Work?

Part of this loan may be forgiven and not counted as income if it's spent:

- During the first eight weeks on operating costs.
- Payroll costs (excluding prorated amounts for individuals with compensation greater than \$100,000) Learn how to calculate your costs [here](#).
- Rent to a lease in force before February 15th, 2020.
- Electricity, gas, water, transportation, telephone, Internet access expenses for services that began before February 15th, 2020.
- Group health insurance premiums and other healthcare costs.

## Get Started With:

Estimated payroll costs. Learn how to calculate your costs [here](#)

Gathering documentation of Payroll numbers

Collect your 1099-MISC form and any documentation of income and expenses if you are a contractors or sole proprietor

## Resources + Links

[Check out this very clear Guide by the US Chamber of Commerce](#)

[The difference between Disaster loans and 7\(a\) loans](#)

## Sources

[Getting Cash For Your Small Business Through the CARES Act](#)

## Important!

In order for your loan to be forgiven, you must maintain the same average number of employees for the first eight-week period beginning on the origination date of the loan as you did from February 15, 2019—June 30, 2019 or from January 1, 2020 until February 15, 2020.

# Tax Incentives

The CARES Act includes several tax-specific incentives to help businesses retain employees and provide liquidity during the outbreak. The following information was taken directly from the Independent [Restaurant Coalition's CARES Act Summary](#):

## **Employee Retention Tax Credit**

Employers will be able to claim a refundable payroll tax credit equal to 50 percent of wages (with a maximum of \$10,000 in wages per employee) paid to employees during the crisis.

A few restrictions; Must see a full or partial suspension of operations due to a shut or who sees gross receipts decline by more than 50% relative to the same quarter in the previous year. For companies with more than 100 full time employees, the credit is restricted to the wages of employees not providing service due to COVID-19

## **Delay of Payroll Tax**

Employers can defer payment of the employer contribution to Social Security payroll taxes through the year of the year. Must pay half of the deferred amount by 12/31/21, and the other half by 12/31/22.

## **Modification of Net Operating Losses (NOL)**

NOLs from 2018, 2019, 2020 to be carried back five year and allow NOL to fully offset income. Businesses can use losses and amend prior year returns to provide liquidity during the crisis.

## **Modification on Limitation of Losses for Sole Proprietors and Pass-Throughs**

This temporarily lifts the loss limitation for sole proprietors and pass-throughs with the intention of allowing them to utilize excess losses to provide cash flow.

## **Increase to Interest Expense Deduction**

This provision would raise (from 30 to 50 percent of taxable income) the limitation on interest that businesses are allowed to deduct from their 2019 and 2020 taxes.

## **Technical Amendment Regarding Qualified Improvement Property (QIP)**

This provision would correct an error in the 2017 Tax Cuts and Jobs Act preventing businesses, particularly in the hospitality industry, from writing off facility improvement costs immediately rather than over 39 years.

## **Resources + Links**

[The Tax Foundation has a central hub for tax-related topics and COVID-19](#)

## **Sources**

[Restaurant Coalition's CARES Act Summary](#)

# Paid Leave

The Families First Coronavirus Response Act requires paid leave for Coronavirus-related absence from work.

If an employee is quarantined or experiencing COVID-19 symptoms, employers must provide two weeks (up to 80 hours) of paid sick leave at the employee's regular rate of pay.

If an employee is unable to work due to caring for a child or family member, employers must provide two weeks (up to 80 hours) of paid sick leave at two-thirds the employee's regular rate of pay.

# State By State Resources

Individual states offer unique financial aid opportunities. Check out the links below to explore options such as city-specific resiliency funds, contact info for Chambers of Commerce, or availability of utilities relief.

[Gusto, a digital HR company, assembled a list of state-by-state COVID-19 resources here.](#)

[Connect with your local US Chamber of Commerce.](#)

[Forbes put together a state-by-state list of financial resources.](#)

# Other Options to Consider

**In light of COVID-19, here are some other resources to help make informed financial decisions for your business:**

[Gusto built a phenomenal resource library for small business resources.](#)

[For your employees, Restaurant Opportunities Centers United put together a state-by-state resource list here.](#)

Ask your supplier sales reps if they're offering credits or deferred payments during this crisis.

[Eater wrote this article on how to how to talk to your landlord about your lease.](#)

## Resources + Links

[The Department of Labor outlines the Paid Leave requirements](#)

## Private Grants

[James Beard Fund](#)

[Facebook Small Business Grant](#)

[Fundera compiled a list of 100+ Small Business Grants](#)