

# Resource Guide to the CARES Act



**VIRTUAL SOLUTIONS CENTER**  
Innovative **Solutions** Tailored for Your Business

## **COVID19: SBA RESOURCES AVAILABLE TO HELP YOUR BUSINESS**

On March 27, 2020, the House of Representatives passed the largest economic bill in U.S. History, and President Trump has signed the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) into law. Although COVID-19 is likely posing several challenges to your business, we wanted to highlight certain U.S. Small Business Administration (the “SBA”) resources facilitated by the CARES Act which may be now available to help you get through these trying times if you meet certain eligibility criteria.

### **Forgivable SBA Loan Program - Paycheck Protection Program**

The CARES Act creates a new type of loan for the SBA to administer under the Paycheck Protection Program (the “PPP”). Unlike the disaster loans currently available through the SBA, these loans are potentially forgivable up to 100% of the principal amount borrowed. Unlike the disaster loans, these forgivable loans are not tied directly to establishing losses suffered during the national disaster — there is a presumption of negative impact from COVID-19. These loans do not require collateral or personal guarantees. What this means to you is that the other eligibility requirements of the SBA loan participation (e.g., average annual receipts) are not applicable, and this program is available (i) to many new businesses not otherwise able to avail themselves to the SBA loan programs, and (ii) provides much friendlier terms than traditional SBA loan programs. These loans can be utilized for several items, including utilities, rent, mortgage interest and payroll. Generally, businesses with less than 500 employees are eligible, and the amount of the loan is capped at 2.5 times the average monthly payroll costs incurred in the one-year period before the date of the loan. An eligible borrower may receive one covered loan, and such proceeds may be used for: payroll costs; continuation of group health care benefits during periods of paid sick, medical, or family leave, or insurance premiums; salaries or commissions or similar compensation; interest on mortgage obligations; rent; utilities; and interest on other outstanding debt. The terms of the amount of any portion of the loan that is not forgiven will be for a term not to exceed 10 years and at an interest rate of no more than 4%. The loans are available until June 30, 2020.

### **Economic Injury Disaster Loan Program**

As another option for small businesses, the CARES Act expands lending under the Economic Injury Disaster Loan Program (the “EIDL”). COVID-19 is now considered an economic disaster under the EIDL, and low-interest loans of up to \$2 million to small business impacted by COVID-19 are now available. You can apply for a loan under the EIDL by visiting <https://disasterloan.sba.gov/ela/>. As stated above, the application process for EIDL loans will be more involved than the new PPP loan listed above, including having suffered “substantial economic injury” from COVID-19; but, provides another resource for you. Additional information on the EIDL is available at <https://www.sba.gov/funding-programs/disaster-assistance>. If you have questions regarding the EIDL, you can contact the SBA disaster assistance customer service center at 1-800-659-2955 or via email at [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov).

## **Business Tax Relief**

The CARES Act also provides assistance to businesses through the modification of rules related to net operating losses, interest expense deductions, alternative minimum tax credits and trade or business losses of non-corporate taxpayers. Many of these modifications are designed to provide critical cash flow and liquidity to businesses during the COVID-19 emergency, including through amending prior tax returns to obtain tax refunds. What this means to you is that employers have several tools available to them to help with cash flow, claim tax refunds, or reduce upcoming tax payments. Please consult your tax professional as soon as possible to see if you are eligible for any CARES Act related tax relief.

## **General SBA Inquiries**

For general inquiries to the SBA, you can email [answerdesk@sba.gov](mailto:answerdesk@sba.gov) . To find your local SBA office, please visit <https://www.sba.gov/content/find-local-sba-office>. Be sure to check <https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources> for the most up-to-date information on how to take advantage of the resources made available by the SBA and the CARES Act.

This is a very high-level summary of the CARES Act, and there are many other provisions and restrictions in the CARES Act not mentioned above. For additional details, please consult the SBA directly or your legal, tax and/or financial expert(s). ***This communication is not intended and should not be taken as legal, financial or tax advice.***

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*We hope that your business is not in need of these particular SBA and CARE Act resources, but if that is not the case, given the very favorable terms of these two SBA loan programs and the potential for loan forgiveness under PPP loans, please strongly consider taking advantage of these programs as soon as possible to help your business. Applications for EIDL loans should be submitted directly to the SBA, while PPP loans will be available from SBA-approved lenders.*