

# COVID-19 Small Business Survival Guide



## COVID-19 BUSINESS SURVIVAL GUIDE

Below you will find a number of resources and frequently asked questions which can help guide your business through this global pandemic. The resources focus on several different areas from marketing on Facebook and Google, to CDC Guidelines for small businesses and the SBA Economic Injury Disaster Loan process. We encourage all businesses to review these tips and to consider applying for funds, while your business may not be experiencing trouble now, there is a very real chance that if economic relief is not brought to those businesses in most need in the next few weeks their troubles will cascade into healthy businesses bringing those businesses down and the economy down as well. **Federal Funds are not a silver bullet and should be used in conjunction with the other strategies outlined below.** Having a plan and funds in place now can help to keep your business open and operating and your employees paid.

### Recently Announced

[\*\*INFORMATION ON THE NEW COVID RELIEF BILL\*\*](#)

[\*\*New Maryland MSB DFA\\* Program-COVID-19 Emergency Relief Loan Fund\*\*](#)

**LAYOFF AVERTION FUND REOPEN**

**MARYLAND BACK TO BUSINESS GUIDELINES**

To see your different funding options [\*\*click here\*\*](#) (SBA, State, and local)



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If there is something specific you are looking for you can hit Ctrl+F to open a search box to look for specific phrases in the document

## First Steps:

This is an outline of some first steps to perform on your business, more details are provided later in the document.

- **Reach out to all creditors:**
  - Bank - What debt payments are due? What fees can be waived? Can you get deferments on debt or go interest only?
  - Credit Card Company - Can you get deferred payments, maybe no interest for a few months
  - Landlord/Mortgage Company - Can you defer payments, can you get reduced rent?
  - Utilities - Can you defer or delay payments?
  - Insurance companies - If you have monthly payments see if payments can be delayed
  - Merchant Credit Card Processing-This is a good time for business owners that have merchant credit card processing accounts to call their rep and ask to switch to a Cash Discount Program. This eliminates all credit card processing fees for the merchant. The customer pays the fee when using a credit card.

Tips for merchants:

- It's legal
- Do not sign a contract
- Equipment and paper should be free
- You can integrate it into your POS system.

- **Put together an outline of your fixed costs over the next six months**
  - Do the math - staying open may be costing you more money than closing your doors.
- **Share as much information with your employees as you can (within reason) they have bills to pay as well.**
- **Establish teleworking procedures- Some free videos that may help [here](#):**
- **Create a marketing plan based on the new economic environment**
- **Reach out to your insurance company, if you have [business interruption insurance](#) you may qualify for some funds from the insurance company**

[Reopening your business after the Pandemic Checklist](#)

## State Industry Guidelines

[Governors Road to Recovery](#)  
[Back to Business](#)

The Governor's Office has released guidelines for the following industries:

More are coming soon

**GENERAL BEST PRACTICES (Spanish)**

While the state is in **PHASE 1** each county can implement their own plan, local resources for each county [can be found here](#).

1. [Accommodations \(Spanish\)](#)
2. [Golf \(Spanish\)](#)
3. [Construction and Development \(Spanish\)](#)
4. [Marinas \(Spanish\)](#)
5. [Manufacturing \(Spanish\)](#)
6. [Personal Services \(Spanish\)](#) (applicable to barber shops and hair salons, per Governor Hogan's executive order)
7. [Professional Services \(Spanish\)](#)
8. [Retail \(Spanish\)](#)
9. [Youth Sports](#)
10. [Youth camps](#)
11. [Restaurants](#) (Additional Signage: [English](#) | [Español](#))
12. [Swimming pools](#) (en español) | [FAQs](#) | Additional Signage: [English](#) | [Español](#)

**Take the Maryland Strong: Back to Business Pledge**

Maryland's business community plays a critical role in protecting our citizens and preventing another surge of COVID-19 infections. Governor Hogan is encouraging Maryland business owners to take the Maryland Strong Back to Business Pledge, and [display a signed pledge in their place of business](#).

Tools to help you open or prepare to open your business – CDC Cleaning and Disinfecting Guide for Public Spaces, Workplaces, Businesses, Schools and Homes

[Reopening Guidance for Cleaning and Disinfecting pdf icon\[PDF – 9 pages\]](#)

[Cleaning & Disinfecting Decision Tool pdf icon\[PDF – 2 pages\]](#)

[CDC Printable Poster Resources](#) - Printable signs/posters and other materials developed to support COVID-19 recommendations. All materials are free for download.

See the most up to date orders on the pandemic [here](#)

[Operational Toolkit for Businesses Considering Reopening or Expanding Operations in COVID-19](#)

## Important

**Tax filing deadline has been moved from April 15th to July 15th  
Annual Report and Personal Property Tax Return Deadline  
Extended to July 15**

### UNEMPLOYMENT INSURANCE, NOW INCLUDING SELF-EMPLOYED AND GIG WORKERS

**CARES ACT [FULL GUIDE ON THE BILL HERE](#)**

- \$600 per week unemployment insurance is being made available for the self-employed, independent contractors, and gig workers who otherwise would not have qualified for unemployment.
- An additional \$600 per week is being given to those who already qualify for unemployment.
- Unemployment insurance will last for four months.

### SMALL BUSINESS LOANS AND GRANTS – the Keeping American Workers Paid and Employed Act **CARES ACT [FULL GUIDE ON THE BILL HERE](#)**

#### Loan forgiveness

A small business can get their loan “forgiven”—in essence turned into a grant instead of a loan—by the percent of employees they keep on payroll (with no more than a 25% reduction in pay), and you can get additional forgiveness if you increase paid wages for those who would otherwise have received tips.

- SBA Express Loans: The maximum loan amount for SBA Express loans would be increased from \$350,000 to \$1 million. Express loans provide borrowers with revolving lines of credit for working capital purposes.
- Payroll tax deferment. For the rest of 2020, you can defer payment of the 6.2% federal payroll tax—paying half in 2021 and half in 2022. You will still have to pay that tax, but you will have added cash flow now. Employers who do not apply for a small business loan but keep their employees on the payroll during the crisis would be eligible for a payroll tax credit (not just deferral).
- Small Business Grants. \$10 billion has been allocated for emergency grants of up to \$10,000 for small businesses applying for Economic Injury Disaster Loans (EIDL).

### Maryland State Updates: Financial Assistance & Taxes

- Maryland business and individual income taxpayers will be given a 90-day extension for tax payments. No interest or penalty for late payments will be imposed if 2019 tax payments are made by July 15, 2020. See [90-day extension for tax payments](#) for more information, or reach out to [taxpayerrelief@marylandtaxes.gov](mailto:taxpayerrelief@marylandtaxes.gov) with questions.
- Comptroller Franchot also extended business-related tax filing deadlines to June 1. [Get additional information regarding business tax returns - including sales and use tax, alcohol tax, etc. - and income tax extensions.](#)
- Businesses who paid their Maryland Sales & Use Taxes for March early may request a refund of their payment by emailing [taxpayerrelief@marylandtaxes.gov](mailto:taxpayerrelief@marylandtaxes.gov) or by calling 410-260-4020.
- Taxpayers who have set up a payment through their own online banking services will need to stop that transaction through their banks. Taxpayers who have scheduled a payment through the Comptroller's iFile or bFile can request to have a debit from their account stopped as long as it is at least 3 days prior to the scheduled payment date. If taxpayers have individual requests for assistance, they should contact Taxpayer Services at 410-260-7980 or via email at [taxhelp@marylandtaxes.gov](mailto:taxhelp@marylandtaxes.gov).

## General FAQ

### **What is the first thing I should do?**

For any traditional business the first thing you will want to do is get a handle on your financial situation. I would suggest reviewing the last three months' financial statements to get a breakdown of what your fixed costs are and how much you **have** to spend every month to stay in business. If you are not generating enough cash to cover those costs you will want to begin seeing who you can work with (creditors) or what sales you may still be able to have to close the gap. If you are unable to close the gap you will want to begin to apply for better credit terms/funding.

### **What if I need to declare bankruptcy?**

This may be a variable option for a number of businesses who have suffered substantial losses due to the pandemic. There is a new subchapter 5 bankruptcy program which may be a good option for those businesses. See details [here](#).

### **How can I obtain funding to keep my business running?**

**For funding, first call should be to your bank,** if you have a good history with your bank you may be able to get approved for a small amount of funding or line of credit relatively quickly. If you have been in business for two years obtaining a line of credit should be your first call.

### **My business produces PPE (personal protection equipment). How can I help get it to those who need it?**

If your business produces PPE (Personal Protection Equipment) please reach out to: [resource.mema@maryland.gov](mailto:resource.mema@maryland.gov) or [dgs.mema@maryland.gov](mailto:dgs.mema@maryland.gov). There is additional information available on the [Regional Manufacturing Institute of Maryland's website](#).

### **My business needs PPE to reopen. Where can I find some?**

New Site: [www.marylandmanufacturingnetwork.com](http://www.marylandmanufacturingnetwork.com) has separate tabs for suppliers and buyers. The State Department of Commerce joined with the Maryland Manufacturing Extension Partnership (MD MEP) to create the Maryland Manufacturing Network Supplier Portal. Those looking to purchase essential items can use the website's search feature to find products ranging from face masks and gowns to reagents and cotton swabs. Suppliers can fill out a survey listing what they already produce or requesting help to switch over to making essential items.

### **My business has been doing curbside pickup, under the new stay at home mandate can I continue to operate?**

Curbside Pickup. Restaurants may continue selling food and drink on a carry-out or drive-through basis; however, because residents of Maryland are not permitted to leave their

homes to purchase products from nonessential businesses, curbside pickup at nonessential businesses is no longer permitted. [Read the interpretive guidance.](#)

**I have had to lay my employees off. Are my unemployment insurance tax rates going to go up?**

No, the state made the decision to hold all unemployment tax rates steady on businesses until the end of 2020.

**Can I apply for the Maryland Grant, loan, and the SBA EIDL?**

Yes, you can apply for and are encouraged to apply for any of the programs that you qualify for.

**Can I get these various grants/loans and sign up for unemployment?**

The answer to this will depend on what the state unemployment department ultimately decides, however it is conceivable that a business owner could use these programs together (summary taken from a [Forbes Article](#)) if a business owner used the EIDL to cover operating expenses, unemployment to cover living expenses, and the PPP to cover healthcare and retirement benefits then one could use all the programs together, but it will be dependent on what the state ultimately decides.

**I am a faith based organization. Can I qualify for assistance?**

The SBA has created guidelines and a Frequently Asked Questions Page for faith based organizations which can be viewed [here](#).

**How can I keep up employee morale?**

In times like this employee moral is incredibly important, there are a number of simple and effective ways to keep your employees engaged. Maintaining normalcy as much as possible is the first step. Keep celebrating birthdays and special events even if it is done virtually. Order lunch for employees even if it has to be delivered to their individual homes. Make sure to acknowledge and thank employees for their work, as people worry about their own safety and future a simple thank you can go a long way.

**My Business has Investors, what do I do?**

As with creditors your investors will want to be kept in the loop, let them know what changes have been made and how this disaster is affecting you and what proactive steps you are taking to keep your company in business.

**How Does the SBA Count Employees?**

The SBA counts all individuals employed on a full-time, part-time or other basis. This includes employees obtained from a temporary employee agency, professional employee organization or leasing concern. For purposes of the Paycheck Protection Program, employees who do not

reside in the United States are not counted for the determination of loan size, but are included for the determination of whether the organization satisfies the maximum employee test.

### **How can I maintain my sales?**

Businesses must be able to find ways to stay in contact with their customers, either through website updates, emails, texts, or social media, most likely by using all those platforms. You shouldn't be afraid to think outside the box, restaurants are selling prepared meals for takeout as well as uncooked goods and acting as supplemental grocery stores.

### **Should I change my marketing messaging?**

Yes, strategies need to be adjusted daily if not hourly to ensure that you are still in compliance with the changing regulations as well as being compassionate to the needs of your customers as well. Don't forget to be genuine, your customers want you to still be in business once this disaster is over, make sure they understand you need their help.

### **If I have been convicted of a crime. Am I still eligible for SBA/Government grant and loan programs?**

These are the current disqualification criteria for those with criminal convictions:

- "Are you presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction, or presently incarcerated, on probation or parole?"
- Within the last 7 years, for any felony or misdemeanor for a crime against a minor, have you: 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; 4) been placed on pretrial diversion; or 5) been placed on any form of parole or probation (including probation before judgment)?"

The business will likely need to submit SBA Form 1919 to give details.

### **I don't have much for a marketing budget, what are some simple things I can do to keep selling?**

- Retail, services, restaurants...push your products and services out of the store and into the hands of your customers; curbside pick-up, drive-through service, delivery, "call in order" fulfillment, take products and services to markets and trade events when appropriate.
- Leverage digital media technology (e.g. email, website, etc.), Social Media (e.g. Facebook, Instagram, Pinterest, YouTube, etc.) and eCommerce platforms (e.g. eBay, Cherish, Etsy, etc.) as communications, marketing and revenue generating channels; exploit all eCommerce options as promotional and distribution systems for getting products and services into the customer space.
- Offer personalized online events and "home-made" videos to promote, deliver and distribute products and services (e.g. yoga lessons or upcycle furniture demo videos on YouTube or product simulations and videos via Google Classroom or product webinars); use this media to trigger prospects for future in-store transactions.

- Host virtual, online events and webinars in place of in-person events; offer online networking events to communicate with customers and provide customer support during business disruptions.

### **My business works primarily as a government contractor, what guidance is there for me?**

Bloomberg Government has released a comprehensive guide which can help answer your questions about ongoing and upcoming government contracts. That guide can be found [here](#). You can also get updates from the [Maryland Procurement Technical Assistance Center](#).

### **I am a farmer or other ag business who doesn't qualify for the EIDL, what can I apply for?**

## **Families First Coronavirus Response Act**

(Paid Sick Leave/Medical Leave/unemployment)

### **US Department of Labor Update**

*"Employers with fewer than 50 employees may claim an exemption from the emergency paid leave provisions of the Families First Coronavirus Response Act (FFCRA), and the exemption applies specifically to leave taken for reasons of child care and school closures related to COVID-19, according to a U.S. Department of Labor (DOL) guidance updated March 28."*

Small businesses with fewer than 50 employees, including religious and nonprofit organizations, are exempt from two aspects of the FFCRA's provisions — (1) paid sick leave due to school closure, place of care closure or child care provider unavailability for COVID-19 related reasons; and (2) emergency paid leave under the Family and Medical Leave Act (FMLA) — when doing so would jeopardize the viability of the business, DOL said. An "authorized officer" of the business must determine whether it meets this criteria, according to the guidance.

Separately, DOL's Wage and Hour Division published a Field Assistance Bulletin regarding its temporary non-enforcement of the FFCRA until April 17. DOL will not bring enforcement actions against any public or private employer for FFCRA violations during this 30-day period provided the violating employer acts "reasonably" and "in good faith." The employer must also remedy any violations as soon as practicable, its violations must not be willful and DOL must receive from the employer a written commitment to comply with the law in the future."

### **Do I need to alert my staff to these changes?**

Yes, there is a new Department of Labor poster which you will need to hang in your facility which can be found [here](#).

## Where can I direct my employees to get information about the FFCR Act?

The US Department of Labor has put together a [Fact Sheet for Employees](#) to help answer some of their questions.

## How do I (as an employer know what I need to cover?)

Details on the FFCRA are below, and you can also check out the Department of Labors [Fact Sheet for Employers](#).

*H.R. 6201 Families First Coronavirus Response Act (includes technical changes as passed by House 03/16/2020)*

### Overview Employer Paid Leave Requirements and Tax Credit Provisions

	Covered Employers	Duration of Leave	Qualifying Reasons for Leave	Required Wage Replacement	Applicability of: Division G – Tax Credits for Paid Sick and Paid Family and Medical Leave
<b>Division E – Emergency Paid Sick Leave</b>  Effective 15 days after enactment.  Expires 12/31/2020	<u>Private sector employers with fewer than 500 employees.</u>  Public sector employers with 1 or more employees.  Good cause exemption for employers with fewer than 50 employees. Applies to reason #5 only. (DOL Rule)	<u>Employer must provide 2 weeks of paid sick leave for full-time covered employees.</u>  Special rule for part-time employees.	1. Employee is subject to a Federal, state or local quarantine related to COVID-19. 2. Employee has been advised by a health care provider to self-quarantine. 3. Employee is experiencing symptoms of COVID-19 and seeking a medical diagnosis. 4. Employee is caring for an individual who is subject to quarantine pursuant to 1 and 2. 5. To care for a child or children whose school or care provider is unavailable due to COVID-19. 6. Employee is experiencing a similar condition as specified by HHS, DOL or Treasury.	<u>Reasons #1-3:</u> Employee's regular rate of pay. Capped at \$511/day and \$5,110 total.  <u>Reasons #4-6:</u> 2/3 of employee's regular rate of pay. Capped at \$200/day and \$2,000 total.  Special rule for part-time employees.	Private sector employers with fewer than 500 employees may obtain a credit for wage replacement:  <u>Employers receive 100% payroll tax credit (refundable as needed)</u> for required paid sick leave wages plus certain health care expenses of the employer.  Special rule for self-employed.
<b>Division C – Emergency Family and Medical Leave</b>  Effective 15 days after enactment.  Expires 12/31/2020	<u>Private sector employers with fewer than 500 employees.</u>  Good cause exemption for employers with fewer than 50 employees. (DOL rule)	<u>Employer must provide 10 weeks of paid family and medical leave for employees (employed for at least 30 days).</u>  Special rule for part-time employees.	Employee is unable to work (or telework) due to a need for leave to care for a son or daughter under 18 years of age if the school or place of care has been closed, or the child care provider is unavailable, due to a public health emergency.	<u>Not less than 2/3 of regular rate of pay</u> based on # of hours scheduled to work. Capped at \$200/day and \$10,000 total.  Special rule for part-time employees.	Private sector employers with fewer than 500 employees may obtain a credit for wage replacement:  <u>Employers receive 100% payroll tax credit (refundable as needed)</u> for required paid family and medical leave wages plus certain health care expenses of the employer.  Special rule for self-employed.

*Prepared by Ways and Means Republicans*

## Here are the details:

- **COMPANIES WITH 500 OR FEWER EMPLOYEES** must provide:
  - paid sick leave – 2 weeks paid leave at 100% of employee's normal pay, up to \$511 per day

- paid family and medical leave – additional 12 weeks of paid family and medical leave at 67% of normal pay, up to \$200 per day (small businesses can apply for a waiver of this in some limited circumstances)
- **SMALL BUSINESSES WILL GET A TAX CREDIT TO COVER THE COSTS.**
- **GIG WORKERS AND INDEPENDENT CONTRACTORS** get the same benefits in form of a tax credit.

#### **Small businesses:**

You must provide paid sick leave and/or family/medical leave for any of your payroll workers (not contractors). The government will pick up the cost of this paid leave—by applying a credit for your 6.2% payroll social security taxes. If the credit is insufficient to cover those costs, the government will pay you directly. You or your workers do not have to be sick to qualify! Anyone told to quarantine, who is exposed to the virus, showing symptoms, or needs to get tests or preventive care qualifies. Family leave is easier—up to 3 months of paid leave to adhere to quarantine, take care of a sick family member or a child who is home because of their school being closed.

#### **Gig worker/independent contractor:**

If you are paid by another company (e.g., a rideshare company, a caterer, a worker platform like Upwork, another contracting company), you're eligible for a tax credit of up to 2 weeks sick leave at your average pay and 12 weeks of family/medical leave at 2/3 your average pay. The same caps apply--\$511/\$200 per day. You must show you had to comply with self-isolation or care for family members, including children whose schools had been closed due to the coronavirus. Tax credits will be applied against your tax payments, or you will get a rebate if your tax is lower than the credit.

#### **Where can I go if I have additional questions?**

The US Department of Labor has been updating a running [Questions and Answers](#) which should help answer any additional questions that you have.

#### **Are there any alternatives to layoffs?**

Yes, Maryland has a workshare program which would allow you to keep your workforce in place while reducing their hours, see more details [here](#).

#### **I am self employed and qualify for unemployment now, where do I go to sign up?**

Unfortunately while it has been made into law the state still needs to adjust to these changes, you can get up to date information on the [Division of Unemployment Webpage](#) they have an option to sign up for updates when changes will be made to the system to allow those who would not traditionally qualify to apply which we highly recommend [Department of Labor FAQ](#)

## SBA DISASTER LOAN FAQ (EIDL)

The link to apply is found in our [funding section](#)

**The EIDL Advance Grant is now closed. The EIDL is still open for loan applications.**

**You can reach out to the Maryland SBA District office for questions at  
[mdsbaloanquestions@sba.gov](mailto:mdsbaloanquestions@sba.gov)**

### How to apply for reconsideration

**While each case should be taken individually there are some best practices:**

Include all documents, including those asked for and those previously submitted including last two years of tax returns. If your credit score was the limiting factor, consider waiting until you can improve your score to reapply. If that is not an option follow the below format, again remember to attach all relevant and previously submitted documents.

If you were denied due to “unverifiable information” it means that one account or document you submitted had a name that did not match the other information submitted. For example the name of your bank statements and tax returns differed by a middle initial instead of a middle name. When you resubmit the documents carefully double check them to ensure all information is the same and accurate.

If you were denied due to not being able to prove a loss you will need to provide extra financial information, including P&Ls from last year and this year over the same months to show either an increase in expenses or a decrease in revenue.

**Write in the subject line:** '[your loan application number] Reconsideration'

**Write in the main body of the email:**

If EIDL loan denied and asking for reconsideration:

WHAT IS THE REASON, EXPLAIN IT; provide documentation

"I received a denial and I am asking for reconsideration as my credit score is improved (or write other eligible reasons they should reconsider your application), I am writing this email because my credit score was increased to 600 (explain in more detail why they should reconsider your loan application).

I am requesting that a loan officer contact me to advise on next steps for reconsideration.

Phone number: xxx-xxx-xxxx

My Name: [Your Full Name]

Business Name: [Your Business Name]

Email Address: [Your email address]

EIDL loan application number: xxxxxxxxx filed - (date)

### ATTACH ALL SUPPORTING DOCUMENTS

**SBA has resumed processing EIDL applications that were submitted before the portal stopped accepting new applications on April 15 and will be processing these applications on a first-come, first-served basis. SBA will begin accepting new Economic Injury Disaster Loan (EIDL) and EIDL Advance applications on a limited basis only to provide relief to U.S. agricultural businesses**

#### **EIDL DETAILS:**

The Maryland SBDC hopes that the SBA EIDL LOAN will help enable your business to begin to move forward. The SBA EIDL loan documents – including the Loan Authorization and Agreement (“LA&A”), promissory **Note**, and the **Security Agreement** – contain certain requirements that we STRONGLY suggest you **STAY AWARE** of while this EIDL LOAN is being paid back - and afterwards!

#### **WHAT IS “COLLATERAL” AND HOW IS THAT DOCUMENTED?**

1. If the loan is up to \$25,000, the EIDL LOAN is UNSECURED. That means NO COLLATERAL.
2. If the loan amount is more than \$25,000, the SBA (as the lender) will have a lien on business assets owned by the Borrower (in some cases, the SBA may also take real estate as collateral). For business assets, this filing is known as a “blanket lien on all business assets” which includes all equipment, inventory, accounts receivable, cash in bank accounts, etc. It is created with a document filing (called a “UCC filing”) with the state. That form is filed by the lienholder (the SBA) in Maryland with the Department of Assessments and Taxation. That’s one of the fees which is itemized and taken from your EIDL LOAN amount advance. It is a public record under the business name. It’s basically similar to when you finance your car as the lender/lienholder has that lien as “collateral” on record via a “Security Interest Filing” with Maryland MVA. Just documented differently.

### THINGS TO DO RIGHT NOW:

- **POSTER:** There is an **SBA REQUIRED** poster (2 actually, one in English and the other in Spanish) included with the documents (about mid-way thru the email) that “...**MUST be displayed where it is clearly visible to employees, applicants for employment, and the public**”. That means it needs to be in what should be considered the “best public area” of the business. (***(NOTE: If unsure about location options due to the physical layout of the facility, contact your SBDC Consultant for suggestions.)***)
- **INSURANCE ON BUSINESS ASSETS :** If the loan amount is more than \$25,000, the SBA will have a lien on business assets owned by the Borrower (in some cases, the SBA may also take real estate as collateral). The SBA requires that those assets be insured for at least 80% of the collateral asset value, must include “lightening” coverage - AND that the SBA be named as an “Additional Insured” on that policy (your business is the “primary” insured as well as possible lienholders for anything that was financed). Your insurance agent will know what terminology applies to your policy for this requirement. Name and address for this purpose is “U.S. Small Business Administration, Office of Disaster Assistance, 14925 Kingsport Rd, Fort Worth, TX. 76155”
- **AUTHORIZATION FOR THE BORROWER TO OBTAIN THIS EIDL LOAN:** Prepare and submit the appropriate SBA Certificate and/or Resolution (corporations can use SBA Form 160; LLC’s need to provide a resolution of the Members) to the U.S. Small Business Administration, Office of Disaster Assistance, 14925 Kingsport Rd, Fort Worth, TX. 76155. (***(If unsure about how to do this, contact your SBDC Consultant!)***)

### IMPORTANT THINGS TO SEND TO SBA ANNUALLY:

- **ANNUAL FINANCIAL STATEMENTS:** due to SBA **not later than 3 months following the end of Borrower's fiscal year.** (***(If unsure about what this means, contact your SBDC Consultant!)***)
- **EVIDENCE OF INSURANCE COVERAGE:** Hopefully your insurance company will do that, but it's your responsibility to make sure. Also, some business policies may expire after 6 months, so be sure that EACH renewal verification gets to the SBA

### IMPORTANT THINGS TO REMEMBER TO MAINTAIN/UNDERSTAND:

- **USE OF FUNDS DOCUMENTS:** Per Page 3 of the “LA&A”, “Borrower will obtain and itemize receipts (paid receipts, paid invoices or cancelled checks) and contracts for all

Loan funds spent and retain these receipts for 3 years **from the date of the final disbursement.**

- **BUSINESS FINANCIAL RECORDS:** Requires “proper books” for the 5 years prior to the EIDL LOAN AND for 3 years AFTER loan maturity or once paid-in-full.
- **EFFECTS OF “BLANKET LIEN ON BUSINESS ASSETS” AS COLLATERAL:** If “regular” turnover of inventory is part of normal business operations (examples include food service, retail stores, wholesalers, resellers, manufacturing, services, etc), there are no impacts other than to “take reasonable care” of the inventory while in possession. However, per SBA, that “Blanket Lien” requires the Borrower to get **PRIOR APPROVAL** to “...sell, lease, license or otherwise transfer (including by granting security interests, liens, or other encumbrances in) all or any part of the Collateral or Borrower’s interest in the Collateral...”. **In regular terms, that means the Borrower CANNOT, without prior SBA approval, use those same assets for other financing - or sell them - or dispose of them. (If you have questions about this information, contact your SBDC Consultant!)**

### **My EIDL was declined, why was that and what can I do?**

In all cases the applicant is eligible to request a reconsideration and they should do so as soon as they can. Unsubstantiated economic injury and unverifiable information have the best chance of being successfully reconsidered and the applicant getting the loan. Poor credit history is harder and I will address it first.

### **Poor credit history**

I have spoken to three business owners so far whose credit scores dropped after they applied for the EIDL precisely because of the pandemic. They failed to make certain payments and this affected their score. Applicants in this situation should request reconsideration by including a narrative explanation of the circumstances and attaching the financial documents I list below for reconsiderations of decisions made because of unsubstantiated economic injury.

### **Unverifiable information**

These declinations happen when there are mismatches or uncertainties in the information given to us and the information we check with the state, county, or city, or with the applicant’s bank. The applicant should send a request for reconsideration with the following information and documents.

- IRS 4506-T with the attestation box checked
- Picture ID (driver’s license or passport) (scan it in PDF format)
- Tax returns for last two years (with schedules)

- Voided check showing name on business checking account, account number, routing number, and bank name.
- If the applicant doesn't use checks they need a letter from the bank, on bank letterhead, stating the name of the account owner, the routing number, and account number.
- Articles of organization or incorporation, or DBA certificate showing name of business owner or owners.

### **Unsubstantiated economic injury**

These declinations are happening because many, many applicants put bad or incorrect information in the only two financial fields of the Rapid Application: Gross revenues and COGS.

As it happens, economic injury has a specific definition in our SOP. I quote it here:

Economic Injury is a change in the financial condition of a small business concern attributable to the effect of a specific disaster, resulting in the inability of the concern to meet its obligations as they mature, or to pay ordinary and necessary operating expenses. Economic injury may be reduced working capital, increased expenses, cash shortage due to frozen inventory or receivables, accelerated debt, etc.

Applicants who are declined for unsubstantiated economic injury should request a reconsideration that includes a narrative of their business's financial experience during the pandemic and the following documents:

- 2018 federal taxes with schedules
- 2019 federal taxes with schedules
- Income statements for first and second quarters in 2019
- Income statements for first quarter in 2020
- Income projection for second quarter in 2020
- Any other financial documents that prove the economic injury

The quarterly income statements should be included to show a before COVID-19 and during COVID-19 revenue picture of the business

### **What is the program called?**

SBA Disaster Funding is the Economic Injury Disaster Loan" ("EIDL") program.

### **Who can apply for these funds?**

In order to be eligible to apply for these loans, a state governor must work with the SBA to provide them state/county specific requests in order to prove the need for funds. At the moment **all counties in Maryland** are eligible to apply for SBA EIDL funding.

## **Is there anything that the funds cannot be used for?**

**Ineligible Uses of Loan Proceeds: EIDL proceeds may not be used for:**

1. Payment of any dividends or bonuses;
2. Disbursements to owners, partners, officers, directors, or stockholders, except when directly related to performance of services for the benefit of the applicant;
3. Repayment of stockholder/principal loans, except when the funds were injected on an interim basis as a result of the disaster and non-repayment would cause undue hardship to the stockholder/principal;
4. Expansion of facilities or acquisition of fixed assets;
5. Repair or replacement of physical damages;
6. Refinancing long term debt;
7. Paying down (including regular installment payments) or paying off loans provided, or owned by another Federal agency (including SBA) or a Small Business Investment Company licensed under the Small Business Investment Act. Federal Deposit Insurance Corporation (FDIC) is not considered a Federal agency for this purpose;
8. Payment of any part of a direct Federal debt, (including SBA loans) except IRS obligations.
  - a. If a direct Federal debt is delinquent, your recommendation must be based on independent documentation from the appropriate Federal agency explaining how the delinquency will be cured.

## **What is the “EIDL Loan Advance”?**

If you applied with the SBA for the EIDL after (3/30) you are eligible for up to a \$10,000 advance on the loan which will be converted to a grant. The amount of funding will depend on your number of employees as it is \$1,000 per employee up to \$10,000.

## **What are the funding criteria?**

As with most loans, the decision is based on a number of factors. However, these loans are heavily dependent upon cash flow, the loan decision will come down to when the business is healthy will it have enough cash flow to cover expenses plus the new debt, this will be based on the historical monthly sales figures you provide the SBA.

## **I have specific questions on the process who can I reach out to?**

The SBA has a hotline to help answer questions **1-800-659-2955** it is manned from 7:00AM to 9:00PM 7 days a week. You can also reach out to your local SBDC Consultant.

## **Is there a prepayment penalty?**

No, you can pay the loan off at any point in time, although with the favorable terms in these loans it is unlikely to be refinanced to better terms.

### **Is collateral required?**

Yes, and no... For loans of up to 25K no collateral is required. For loans of over 25K you will need to give the SBA access to collateral, that does not mean that you need to have your loan fully collateralized, but if you have collateral it will be used, no loan will be denied due to a lack of collateral.

### **Why am I being asked for my banking information?**

If you requested the up to \$10,000 advance on the EIDL the SBA will ask for your banking information in order to send you the funds.

### **What Credit Score is required to obtain funding?**

While there is no hard credit score requirement typically those with a credit score below 600 will have a difficult time being approved for funding without providing a narrative to explain their credit score.

### **What if I haven't been open for a full year, or am a startup?**

The SBA can take projections into account, so you do not necessarily need to have been open for a full year.

### **When funding the loan is the SBA looking for ability to pay back the debt or how in need the business is?**

The loan values are based primarily on cash flow, so the ability to repay the debt is one of the most important factors.

### **Can nonprofits apply for SBA EIDL Funding as well?**

Yes, and they are charged a lower interest rate than for profit organizations at 2.75%.

### **If I have a previous SBA loan will that speed up the process?**

No, it will not speed up the process, you also cannot use these funds to pay other SBA loans, however if you speak to your lender you can get a deferment on your SBA loan payment (deferments are between 90-120 days).

### **Who is the lender?**

Unlike traditionally backed SBA loans, SBA EIDL loans are TOTALLY handled, processed – and if approved, funded directly – by the SBA. **Banks and other lenders DO NOT do SBA EIDL loans.**

## **Are the COVID19 SBA EIDL Requirements different from other SBA EIDL in the past?**

YES! The process has been shortened to a quick and easy initial application which takes about 30 minutes to complete and can qualify you for up to a \$10,000 advance of funds which are fundable within a few business days.

## **How do I apply?**

Once your area has been declared a COVID19 disaster by the SBA you can apply online on the SBA's website [here](#).

## **My Business has been hurt by this disaster, will I automatically get a loan?**

Unfortunately no, As with all loans the fundamental thing to demonstrate, apart from eligibility, is the ability of the business to generate cash flow and repay the loan. These are working capital loans intended to replace revenues lost as a result of the disaster. The business must be able to show that before the disaster, the business was sound and solvent.

## **How Much Can I Borrow from an EIDL?**

SBA's Economic Injury Disaster Loans offer up to \$2 million in assistance, but how much you qualify for is based on a case by case basis.

## **Can a sole proprietor apply for an SBA EIDL?**

Yes, Sole proprietors and single member LLCs are eligible for SBA funding.

## **What interest rate will I pay?**

The interest rate is 3.75% for small businesses. The interest rate for non-profits is 2.75%.

## **Why does EIDL have a 3.75% interest rate when the Federal Reserve just lowered rates to almost zero?**

This goes back to the law for emergency relief passed by Congress years ago. The rate for EIDL is set at the beginning of the quarter. So in January, the rate was 3.75%. Since then the Fed has lowered rates. We are waiting to see what the rates will be for the second quarter, but they should be lower based on that. I wish we could change it in real time, but by law we can't.

## **If I apply for funding do I have to take it?**

No, if you apply for funding and are approved you can "shelve" your application for up to 60 days.

## **I have been approved, when is my first payment?**

Once your loan is funded your first payment is not until 12 months after the first disbursement.

### **Is there a cost to apply?**

While there is no cost associated with filling out the application (beyond your time) there may be costs associated with getting the documents required to fund the loan such as a certificate of good standing.

### **Can I use this loan to refinance existing debt?**

No, SBA EIDL's are designed as working capital loans to keep the business going in times of distress.

### **Can I use these funds to make debt payments on another SBA loan?**

For the time being you cannot. Unfortunately, you can not use government funds to pay back government funds. You can ask for a deferment on your existing 7(a) debt which can be from 90-120 days depending on individual factors, but you will need to speak to your lender. **SBA Administrator Jovita Carranza announced changes to help borrowers still paying back SBA loans from previous disasters. By making this change, deferments through December 31, 2020, will be automatic. Now, borrowers of home and business disaster loans do not have to contact the SBA to request deferment.**

### **How long are the Payment Terms?**

SBA offers loans with long-term repayments in order to keep payments affordable, up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay.

### **What can I use EIDL funds for?**

These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact. They are not used to grow your business, they are used to help you recover.

### **I own multiple businesses, can I apply multiple times?**

Yes, provided they are separate business entities and not parent companies/comegeled you can apply for each of your businesses.

### **If I apply for other grants and loans can I still apply to the SBA EIDL program?**

Yes, applying to multiple different funding types does not disqualify you and is encouraged.

### **Can I apply for the SBA EIDL and the Payroll Protection Program?**

Yes, you can qualify for both, however, if you are awarded the \$10,000 advance grant on the SBA EIDL that value will be subtracted from how much of your PPP loan will become a grant.

### **How long will the EIDL take to fund?**

Provided that you applied after 3/30 on the new quick portal, if you checked that you are interested in getting the up to \$10,000 advance you should hear from the SBA within a few weeks. As for the rest of the funds the SBA should reach out to you for additional documents and information within 28 days.

### **I have no employees, do I still qualify for the SBA EIDL Program?**

Yes!

### **Do I need to be turned down by another lender to qualify for an SBA economic injury loan?**

No, there is no requirement that you are denied funding from another organization.

### **What types of businesses are eligible for an SBA economic injury loan?**

Any legal structure can apply provided that they are a small business by the SBA standards, as for what industries typically most businesses can apply expect for a few exceptions such as Religious organizations, Charitable organizations, Gambling concerns (i.e., businesses that derive more than 1/3 of their annual gross revenue from legal gambling activities), and farms.



## Maryland Grant & Loan Fund FAQ

[Maryland Grant/Loan FAQ](#) (Live link to Commerce Dept FAQ)

**NO LONGER ACCEPTING APPLICATIONS**

Links to both applications are found in our [Funding Section](#)

Since this program is closed details have been moved to our [supplemental page](#).

## Paycheck Protection Program FAQ

### Federal Guidelines; SBA Guidance

[How to set up the PPP in your books](#)

(5/11/2020) The PPP funds will affect a businesses year end tax deductions (see Below)

[PPP EZ Application \(Explanation Video\)](#)

[PPP Updated Application](#)

[SBA FAQ on Forgiveness](#)

[Updated application for loans under 50K](#)

The U.S. Small Business Administration, in consultation with the Treasury Department, yesterday released a simpler loan forgiveness application for Paycheck Protection Program (PPP) loans of \$50,000 or less. This action streamlines the PPP forgiveness process to provide financial and administrative relief to America's smallest businesses while also ensuring sound stewardship of taxpayer dollars.

[Application](#)

[Application Instructions](#)

### **TAX IMPLICATIONS**

IMPORTANT – BUT QUICK - REMINDER !! As a PPP borrower – and with 2020 tax preparation season now in swing - our Maryland SBDC Financial Specialists Team wants to remind you about tax implications related to PPP forgiveness. Although the SBDC does NOT provide tax advice, we wanted to make you aware of a potentially KEY issue. Per IRS Notice 2020-32 (\*see excerpts below), expenses paid using FORGIVEN PPP funds are NOT tax deductible expenses. This means that if your application for forgiveness is APPROVED in

2020, the expenses you paid with those “forgiven” PPP funds WILL NOT be deductible on your 2020 tax return. This could have significant “2020 income tax due” implications when you file the return. If you delay the “Forgiveness” request/get approval until 2021, that would allow time for tax planning related to the 2021 tax filing when those “forgiven” related expenses still cannot be deducted.

**STEPS TO TAKE:** We encourage you to connect ASAP with your tax preparer to consider strategies and options. Certainly if you have any questions or want additional insights, please feel free to contact your Maryland SBDC Business Consultant, go to our [www.marylandsbdc.org](http://www.marylandsbdc.org) website to get connected with a Consultant and/or refer to our “COVID RESOURCE GUIDE” (I forgot the name, so need to fix that – plus include the link.

#### KEY EXCERPTS FROM IRS NOTICE 2020-32

“...Specifically, this notice clarifies that no deduction is allowed under the Internal Revenue Code (Code) for an expense that is otherwise deductible if the payment of the expense results in forgiveness of a covered loan pursuant to section 1106(b) of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act)....

...Accordingly, section 265(a)(1) of the Code disallows any otherwise allowable deduction under any provision of the Code, including sections 162 and 163, for the amount of any payment of an eligible section 1106 expense to the extent of the resulting covered loan forgiveness (up to the aggregate amount forgiven) because such payment is allocable to tax-exempt income. Consistent with the purpose of section 265, this treatment prevents a double tax benefit...”

#### UPDATE:

Reminder on 10 month Deferral for PPP loans – [The Paycheck Protection Program Flexibility Act of 2020](#) revises the deferral period for PPP loans, allowing recipients to defer payments until they receive compensation for forgiven amounts. [Recipients who do not apply for forgiveness shall have 10 months from the program's expiration to begin making payments.](#) We wanted to send this reminder as some lenders may be expecting to start receiving payments after 6 months of deferral which was in the original CARES Act

#### IMPORTANT FAQ FOR PPP FORGIVENESS

## **While my forgiveness is being processed will I need to make payments if my 6 months are up?**

No, once the bank processes your application the clock “resets” in that your payments continue to be deferred until we receive a response from the SBA regarding their final decision.

## **How long after I am giving my PPP Loan do I have to apply for forgiveness?**

You have ten months from the end of your covered period to submit the needed documents and application to your lender.

## **How long will it take to process my application?**

Your lender has 60 days to approve your application which will then be sent to the SBA who has 90 days to make an approval decision.

## **How do I know if I selected 8 or 24 weeks for the PPP funding period?**

The first step in preparing your Loan Forgiveness Application, is to determine if you will select the 8-week (56 days) Covered Period or the 24-week (168 days) Covered Period.

If you received your PPP funds on or after June 5, 2020, you are required to select the 24-week (168 days) Covered Period. Please note that you do not have to wait until the end of the Covered Period to apply for loan forgiveness if you have used all of your PPP funds.

## **What do I need/need to know to apply for forgiveness?**

1. Identify your start and end dates, either 8 or 24 weeks (Note: all expenses must fall within this time frame)
  - a. If using an alternative period identify those dates
2. You will need your employee count as of the day you applied for the PPP and the count as of the day you are applying for forgiveness
3. If you received an EIDL **GRANT** you will need that amount and application number
4. Depending on how you used the funds you will need to **obtain proof of the following:**
  - a. Compensation/Wages
    - i. Bank statements and tax forms; (payroll tax filings reported or that will be reported to the IRS); or Payroll service provider reports documenting the amount of cash compensation paid to employees
  - b. Employee Health Contributions
    - i. Payment receipts; or Cancelled checks; or Account statements documenting the amount of any employer contributions to employee health insurance
  - c. Employer Retirement Contributions
    - i. Payment receipts; or Cancelled checks; or Account statements documenting the amount of any employer contributions to employee retirement
  - d. State and Local Taxes Assessed on Employee Compensation

- i. Bank statements and tax forms (payroll tax filings reported or that will be reported to the IRS); or Payroll service provider reports documenting the amount of cash compensation paid to employees
- e. Full-Time Equivalent (FTE) Documentation (Select ONE reference period, and provide documentation)
  - i. **Period 1:** Average number of FTE employees on payroll per week employed between February 15, 2019 and June 30, 2019
  - ii. **Period 2:** Average number of FTE employees on payroll per week between January 1, 2020 and February 29, 2020
  - iii. **Period 3:** In the case of a seasonal employer, the average number of FTE employees on payroll per week between February 15, 2019 and June 30, 2019; between January 1, 2020 and February 29, 2020; or any consecutive 12-week period between May 1, 2019 and September 15, 2019
- f. Business Mortgage Obligation Interest Expense
  - i. Copy of lender amortization schedule and receipts;
  - ii. or Cancelled checks verifying eligible payments from the Covered Period; or Lender account statements from February 2020; and
  - iii. The months of the Covered Period through one month after the end of the Covered Period (or month in which borrower applies) verifying interest amounts and eligible payments
- g. Business Rent/Lease Payments
  - i. Copy of current lease agreement, proof of payment and receipts or cancelled checks verifying eligible payments from the Covered Period; or
  - ii. Lessor account statements from February 2020 for the Covered Period or the month in which borrower applies through one month after the end of such period verifying eligible payments
- h. Business Utility Payments
  - i. Copy of utility invoices/ statements from February 2020; and
  - ii. Statement paid during the Covered Period or incurred during the Covered Period through the month following the coverage period; and
  - iii. Proof of Payment which includes payment receipts, bank statements or cancelled checks
- i. Demographic Information on Owners
  - i. Principal Name
  - ii. Position
  - iii. Veteran Status
  - iv. Gender
  - v. Race
  - vi. Ethnicity

#### **RECENT CHANGES TO PPP {MOST RECENT UPDATE TO PPPFA}**

SBA's Paycheck Protection Program

- Extend the “covered period” under which small businesses can spend the loan proceeds from eight weeks to 24 weeks or until December 31, 2020.
- Remove the limits on loan forgiveness for small businesses that were unable to rehire employees, hire new employees, or return to the same level of business activity as before the virus.
- Expand the 25% cap to use PPP funds on nonpayroll expenses, such as rent, mortgage interest, and utilities, to 40% of the total loan, which lowers the 75% requirement for payroll expenses to 60% to get maximum forgiveness.
- Allow small businesses to take a PPP loan and also qualify for a separate, recently enacted tax credit to defer payroll taxes, currently prohibited to prevent “double dipping.”
- Extend the loan terms for any unforgiven portions that need to be repaid from two years to five years at 1% interest.
- Give small businesses more time to rehire employees or to obtain forgiveness for the loan if social-distancing guidelines and health-related actions from the Centers for Disease Control and Prevention or other agencies prevented the business from operating at the same capacity as it had before March 1, 2020.
- Extend the period for when a business can apply for loan forgiveness, from within six months to within 10 months of the last day of the covered period, before it must start making interest and principal payments. Under the new bill, PPP loan interest and payment of principal and fees will be deferred until the loan is forgiven by the lender.
- the eligibility threshold for those with felony criminal histories has been changed. The look-back period has been reduced from 5 years to 1 year to determine eligibility for applicants, or owners of applicants, who, for non-financial felonies, have (1) been convicted, (2) pleaded guilty, (3) pleaded nolo contendere, or (4) been placed on any form of parole or probation (including probation before judgment). The period remains 5 years for felonies involving fraud, bribery, embezzlement, or a false statement in a loan application or an application for federal financial assistance. The application also eliminates pretrial diversion status as a criterion affecting eligibility.

### What are the implications on my taxes due to the PPP?

If PPP Funding is used for an expense that would have otherwise been deducted from income, it can no longer be deducted. See details below:

*“this notice clarifies that no deduction is allowed under the Internal Revenue Code (Code) for an expense that is otherwise deductible if the payment of the expense results in forgiveness of a covered loan pursuant to section 1106(b) of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law 116-136, 134 Stat. 281, 286-93 (March 27, 2020) and the income associated with the forgiveness is excluded from gross income for purposes of the Code pursuant to section 1106(i) of the CARES Act.”*

## If an employee is furloughed during te eight weeks but gets paid during that time is that eligible for forgiveness?

Yes, as long as the costs are not more than \$100,000 per employee, the cap on salaries eligible for coverage under PPP.

## If I am unincorporated can I use PPP funds to contribute to my retirement?

If you are self-employed and not incorporated, the SBA is not allowing you to include retirement contributions as part of "payroll costs."

## What changes were made to the program?

Changes are listed below:

- ALL CHANGES ARE RETROACTIVE
- Hedge Funds and Private Equity funds are no longer eligible. (speculation based business)
- If a business has funders (VC or PE) they should be careful as they must certify "[c]urrent economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant"
- As noted above a safe harbor provision was added. All businesses applying must sign a promissory note that they need the funds and do not have access to those funds through "other means" (commercial paper market). They must attest that "[c]urrent economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant"
  - If a business has access to funds and took PPP funds they must repay the money by May 7th, the government will be making examples of businesses
- Hospitals can no longer apply for PPP funding if over 50% of their funding comes from a governmental body.
- ESOP's can apply (could before just cleared up language)
- If a business is in bankruptcy they cannot apply for the PPP

## How can I track PPP Expenses?

[QuickBooks online](#) has a series of Youtube videos on how to create separate tracking accounts for your PPP expenses.

## How can I make sure that the PPP is forgiven?

While there is no exact guidance that we can recommend banks have begun to release some best practices, they are listed below:

- **Open a separate bank account for the funds:** This will ensure that there is no commingling of funds and no confusion that the money was spent on an approved purpose.
- **Make sure you understand what is an approved expense:**
  - Certain payroll costs which can include certain retirement plan contributions and group health premiums paid by the employer
  - Mortgage interest payments (cannot be used for principle or prepayments).
  - Rent payments for a lease starting before February 15th.
  - Utility payments with suppliers entered into prior to February 15th.
  - Interest payments on any other debt obligation
  - Refinancing an SBA EIDL made between January 31 and April 3 2020.
- **Plan on getting the most out of the program:** The 8 week clock starts ticking once the funds have been distributed, so make sure you have your staff on payroll as reductions in staff will reduce the forgivability.
- **Maintain good records of substantial expenses:** Things like rent and utilities may be easy to separate out, but various aspects of payroll may be more complicated. Be consistent how you document each aspect of the expenses.
- **Consider the effects of salary reduction:** If an employee making over 100K has their salary reduced by over 25% there will be a corresponding reduction in forgivability. Unless that reduction is rectified by June 30th. (There are exceptions that rule for high salaried employees)
- **Consider the effect of full time employee reduction:** Terminating employees or reducing staff levels will create a corresponding reduction in forgivability. This is calculated using the following:
  - This reduction is calculated by multiplying the loan forgiveness amount by the quotient of: the average FTE's during the 8-week loan period divided by the average FTEs during one of two possible time periods to be chosen by the business owner (1) February 15, 2019 through June 30, 2019; and (2) January 1, 2020 through February 29, 2020. Note that seasonal businesses may only use the former time period.
  - Note: The loan forgiveness amount will not be curtailed by a reduction of FTEs in limited circumstances.
- If you are self-employed, write out a physical check as payroll to yourself each week—do not just transfer funds between accounts or withdraw cash.

## Where can I apply?

You can apply through any existing SBA 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. You should consult with your local lender as to whether it is participating. [Approved PPP Lenders](#). The application is [available here](#).

### [How much can I qualify for?](#)

If your bank is not participating you may want to look into the following:

- [Kabbage](#)
- [Veem](#)
- [Gusto's Crowd Sourced List](#)
- [Biz2Credit](#)
- [Lendio](#)
- [Fundra](#)

### **When can I apply?**

**While you can start to apply on April 3rd it is unclear if lenders will be ready to begin taking applications and processing these loans on April 3rd. Check with your lender for details.**

- **Starting April 3, 2020**, small businesses and sole proprietorships can apply for and receive loans to cover their payroll and other certain expenses through existing SBA lenders.
- **Starting April 10, 2020**, independent contractors and self-employed individuals can apply for and receive loans to cover their payroll and other certain expenses through existing SBA lenders.

**Other regulated lenders will be available to make these loans as soon as they are approved and enrolled in the program.**

### **What do I need to apply?**

You will need to complete the Paycheck Protection Program loan application and submit the application with the required documentation (see below) to an approved lender that is available to process your application by June 30, 2020. Click [HERE](#) for the application.

### **I applied with multiple banks will my application be thrown out?**

SBA is tracking ALL applications by EIN. If applicant submits PPP applications through two or more lenders, the SBA WILL ACCEPT THE FIRST ONE RECEIVED via the eTran system - then will automatically REJECT any other applications using that EIN (thus NOT processed at all).

**Will a borrower's PPP loan forgiveness amount (pursuant to section 1106 of the CARES Act and SBA's implementing rules and guidance) be reduced if the borrower laid off an employee, offered to rehire the same employee, but the employee declined the offer?**

Answer: No. As an exercise of the Administrator's and the Secretary's authority under Section 1106(d)(6) of the CARES Act to prescribe regulations granting de minimis exemptions from the Act's limits on loan forgiveness, SBA and Treasury intend to issue an interim final rule excluding laid-off employees whom the borrower offered to rehire (for the same salary/wages and same number of hours) from the CARES Act's loan forgiveness reduction calculation. The interim final rule will specify that, to qualify for this exception, the borrower must have made a good faith, written offer of rehire, and the employee's rejection of that offer must be documented by the borrower. Employees and employers should be aware that employees who reject offers of re-employment may forfeit eligibility for continued unemployment compensation.

**What if my bank is not taking applications?**

If your bank/lender is not participating in the program it is important to keep an open dialogue with them as this is a fluid situation and they may begin taking applications at a later date, while you can reach out to a different lender most are only working with existing customers.

**What other documents will I need to include in my application?**

You will need to provide your lender with payroll documentation, each lender may have different requirements, [see an example of needed documentation here](#).

**GOOD FAITH CERTIFICATION THAT - (part 2t)**

1. The uncertainty of current economic conditions makes the loan request necessary to support ongoing operations
2. The borrower will use the loan proceeds to retain workers and maintain payroll or make mortgage, lease, and utility payments
3. Borrower does not have an application pending for a loan duplicative of the purpose and amounts applied for here
4. From Feb. 15, 2020 to Dec. 31, 2020, the borrower has not received a loan duplicative of the purpose and amounts applied for here (Note: There is an opportunity to fold emergency loans made between Jan. 31, 2020 and the date this loan program becomes available into a new loan)

**PAYROLL DOCUMENTS – (part 2a)**

- These can be payroll processor records, payroll tax filings, or Form 1099MISC, or income and expenses from a sole proprietorship.
- For borrowers that do not have any such documentation, the borrower must provide other supporting documentation, such as bank records, sufficient to demonstrate the qualifying payroll amount.

## **What amount will be forgiven?**

### **The loan amounts will be forgiven as long as:**

The loan proceeds are used to cover payroll costs, and most mortgage interest, rent, and utility costs over the 8 week period after the loan is made; and Employee and compensation levels are maintained. Payroll costs are capped at \$100,000 on an annualized basis for each employee. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs. Loan payments will be deferred for 6 months.

## **Do I need to first look for other funds before applying to this program?**

No. We are waiving the usual SBA requirement that you try to obtain some or all of the loan funds from other sources (i.e., we are waiving the Credit Elsewhere requirement).

## **How long will this program last?**

Although the program is open until June 30, 2020, we encourage you to apply as quickly as you can because there is a funding cap and lenders need time to process your loan.

## **Are owner distributions included?**

A "distribution" is reported on a K-1 and is different than paying yourself from net income. A distribution is NOT eligible. However, if it is a K-1, it matters how they reported on a K-1. **If it is reported on K-1 as self-employment earnings, box 14 of the K-1, then it is eligible.** Box 14 of a K-1 is self-employment earnings and is eligible.

## **Special Consideration for owners making over \$100,000 a year.**

In the [SBA guidance](#) it says (p.11) payroll costs including salary, wages, and tips, up to \$100,000 of annualized pay per employee (for eight weeks, a maximum of \$15,385 per individual).

So, if you are a sole proprietor and the only "employee" of the company, the MAX (not all may be qualified for the max pending on 2019 returns) you can take is \$15,385 which needs to be 60% of the loan amount in order to be forgiven. So \$20,500 is the max loan amount they could request.

Loan forgiveness is based on payroll accounting for 60% of the LOAN AMOUNT.

## **How many loans can I take out under this program?**

Only one. Having multiple lenders submit a loan application to the government on your behalf will trigger a fraud alert.

## What can I use these loans for?

- Payroll costs, costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums.
- Mortgage interest payments (not mortgage prepayments or principal payments), Rent, Utilities
- Interest payments on any other debt obligations that were incurred before February 15, 2020
- Refinancing an SBA EIDL loan made between January 31, 2020 and April 3, 2020.

## What counts as payroll costs?

### DETERMINING PAYROLL: (part 2f)

The sum of payments of any compensation with respect to employees that is a:

- Salary, wage, commission, or similar compensation;
- Payment of cash tip or equivalent;
- Payment for vacation, parental, family, medical, or sick leave
- Allowance for dismissal or separation
- Payment required for the provisions of group health care benefits, including insurance premiums
- Payment of any retirement benefit
- Payment of state or local tax assessed on the compensation of the employee

### EXCLUDED PAYROLL COSTS (part 2g)

- Compensation of an individual employee in excess of an annual salary of \$100,000, as prorated for the period February 15, to June 30, 2020
- Payroll taxes, railroad retirement taxes, and income taxes
- Any compensation of an employee whose principal place of residence is outside of the United States
- Qualified sick leave wages for which a credit is allowed under section 7001 of the Families First Coronavirus Response Act (Public Law 116– 5 127); or qualified family leave wages for which a credit is allowed under section 7003 of the Families First Coronavirus Response Act

## DO NOT COUNT INDEPENDENT CONTRACTORS

## How large can my loan be?

Loans can be for up to two months of your average monthly payroll costs from the last year plus an additional 25% of that amount. That amount is subject to a \$10 million cap. If you are a seasonal or new business, you will use different applicable time periods for your calculation. Payroll costs will be capped at \$100,000 annualized for each employee.

## **How much of my loan will be forgiven?**

You will owe money when your loan is due if you use the loan amount for anything other than payroll costs, mortgage interest, rent, and utilities payments over the 24 weeks after getting the loan. Due to likely high subscription, it is anticipated that not more than 40% of the forgiven amount may be for non-payroll costs. You will also owe money if you do not maintain your staff and payroll.

**Number of Staff:** Your loan forgiveness will be reduced if you decrease your full-time employee headcount.

**Level of Payroll:** Your loan forgiveness will also be reduced if you decrease salaries and wages by more than 25% for any employee that made less than \$100,000 annualized in 2019.

## **DETERMINING LOAN AMOUNT: (part 2e)**

Step 1: Aggregate payroll costs (defined in detail below in f.) from the last twelve months for employees whose principal place of residence is the United States.

Step 2: Subtract any compensation paid to an employee in excess of an annual salary of \$100,000 and/or any amounts paid to an independent contractor or sole proprietor in excess of \$100,000 per year.

Step 3: Calculate average monthly payroll costs (divide the amount from Step 2 by 12).

Step 4: Multiply the average monthly payroll costs from Step 3 by 2.5.

Step 5: Add the outstanding amount of an Economic Injury Disaster Loan (EIDL) made between January 31, 2020 and April 3, 2020, less the amount of any “advance” under an EIDL COVID-19 loan (because it does not have to be repaid)

## **How can I request loan forgiveness?**

You can submit a request to the lender that is servicing the loan. The request will include documents that verify the number of full-time equivalent employees and pay rates, as well as the payments on eligible mortgage, lease, and utility obligations. You must certify that the documents are true and that you used the forgiveness amount to keep employees and make eligible mortgage interest, rent, and utility payments. The lender must make a decision on the forgiveness within 60 days.

## **What is my interest rate?**

1.0% fixed rate.

## **When do I need to start paying interest on my loan?**

All payments are deferred for 6 months; however, interest will continue to accrue over this period.

### **When is my loan due?**

The original loans will be due in 2 years. Those “new” loans will come due at 5 years. Existing PPP Borrowers have to ask for modification from the lender

### **Can I pay my loan earlier than 5 years?**

Yes. There are no prepayment penalties or fees.

### **Do I need to pledge any collateral for these loans?**

No. No collateral is required.

### **Do I need to personally guarantee this loan?**

No. There is no personal guarantee requirement. \*\*\*However, if the proceeds are used for fraudulent purposes, the U.S. government will pursue criminal charges against you.\*\*\*

### **What do I need to certify?**

As part of your application, you need to certify in good faith that:

- Current economic uncertainty makes the loan necessary to support your ongoing operations.
- The funds will be used to retain workers and maintain payroll or to make mortgage, lease, and utility payments. You have not and will not receive another loan under this program.
- You will provide to the lender documentation that verifies the number of full-time equivalent employees on payroll and the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight weeks after getting this loan.
- Loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.
- All the information you provided in your application and in all supporting documents and forms is true and accurate. Knowingly making a false statement to get a loan under this program is punishable by law.

### **Who is eligible for the loan?**

You are eligible for a loan if you are a small business that employs 500 employees or fewer, or if your business is in an industry that has an [employee-based size standard](#) through SBA that is higher than 500 employees. In addition, if you are a restaurant, hotel, or a business that falls within the North American Industry Classification System (NAICS) code 72, “Accommodation and Food Services,” and each of your locations has 500 employees or fewer, you are eligible.

Tribal businesses, 501(c)(19) veteran organizations, and 501(c)(3) nonprofits, including religious organizations, will be eligible for the program. Nonprofit organizations are subject to [SBA's affiliation standards](#). Independently owned franchises with under 500 employees, who are approved by SBA, are also eligible. Eligible franchises can be found through [SBA's Franchise Directory](#).

### **I am an independent contractor or gig economy worker, am I eligible?**

Yes. Sole proprietors, independent contractors, gig economy workers, and self-employed individuals are all eligible for the Paycheck Protection Program.

### **What is the maximum amount I can borrow?**

The amount any small business is eligible to borrow is 250 percent of their average monthly payroll expenses, up to a total of \$10 million. This amount is intended to cover up to 24 weeks of payroll expenses and any additional amounts for making payments towards debt obligations. This 24 week period may be applied to any time frame between February 15, 2020 and June 30, 2020. Seasonal business expenses will be measured using a 12-week period beginning February 15, 2019, or March 1, 2019, whichever the seasonal employer chooses. For a more detailed description on how much you will be able to borrow and the calculations [click here](#).

### **I'm a seasonal employer. How are average monthly payroll costs determined?**

A seasonal employer uses the average monthly payroll determined over a 12-week period beginning February 15, 2019. The business could instead elect to use a period beginning March 1, 2019, and ending June 30, 2019.

### **How can I use the money such that the loan will be forgiven?**

The amount of principal that may be forgiven is equal to the sum of expenses for payroll, and existing interest payments on mortgages, rent payments, leases, and utility service agreements. Payroll costs include employee salaries (up to an annual rate of pay of \$100,000), hourly wages and cash tips, paid sick or medical leave, and group health insurance premiums. If you would like to use the Paycheck Protection Program for other business-related expenses, like inventory, you can, but that portion of the loan will not be forgiven.

### **When is the loan forgiven?**

The loan is forgiven at the end of the 8-week period after you take out the loan. Borrowers will work with lenders to verify covered expenses and the proper amount of forgiveness.

### **How is the reduction in the loan forgiveness determined?**

The maximum forgiveness of the loan is reduced based upon employee retention and average pay.

The maximum loan forgiveness amount is multiplied by a fraction that measures employee retention based on the average number of full-time equivalent employees (FTEs). The borrower

chooses which fraction to use. The numerator of both fractions is the average number of FTEs employed during the eight-week period. The denominator is either:

The monthly average FTEs for February 15, 2019, through June 30, 2019; or

The monthly average FTEs for January 1, 2020, through February 29, 2020.

In addition, the maximum loan forgiveness amount is further decreased if any employee's pay has declined by more than 25% during the eight-week period, relative to the most recent completed quarter (this should be the first quarter of 2020). Employees who earned an annualized pay of more than \$100,000 during any single 2019 pay period are excluded from this computation.

In the event you had a reduction of employees during the period from February 15, 2020, through April 26, 2020, as long as you rehire those employees no later than June 30, 2020, the FTE calculation for the number in the fraction will treat those rehired employees as if they were included in the FTE for the entire 8-week period. Please note that while a delayed rehire date won't cause issues with the employee retention fraction, it may cause you to spend less than the required 75% threshold on payroll costs, and therefore would result in a reduction in the amount of loan forgiven.

Both the average reduction in FTE and reduction in pay must be restored to eliminate the reduction in loan forgiveness.

Most guidance from the SBA and U.S. Department of the Treasury has been related to matters associated with loan sizing thus far, and we expect significant guidance on the forgiveness calculations will be forthcoming.

### **What is the covered period of the loan?**

The covered period during which expenses can be forgiven extends from February 15, 2020 to June 30, 2020. Borrowers can choose which 8 weeks they want to count towards the covered period, which can start as early as February 15, 2020.

### **How do the \$10 million cap and affiliation rules work for franchises?**

If a franchise brand is listed on the SBA Franchise Directory, each of its franchisees that meets the applicable size standard can apply for a PPP loan. (The franchisor does not apply on behalf of its franchisees.) The \$10 million cap on PPP loans is a limit per franchisee entity, and each franchisee is limited to one PPP loan.

Franchise brands that have been denied listing on the Directory because of affiliation between franchisor and franchisee may request listing to receive PPP loans. SBA will not apply affiliation rules to a franchise brand requesting listing on the Directory to participate in the PPP, but SBA will confirm that the brand is otherwise eligible for listing on the Directory.

## **How much of my loan will be forgiven?**

The purpose of the Paycheck Protection Program is to help you retain your employees, at their current base pay. If you keep all of your employees, the entirety of the loan will be forgiven. If you still lay off employees, the forgiveness will be reduced by the percent decrease in the number of employees. If your total payroll expenses on workers making less than \$100,000 annually decreases by more than 25 percent, loan forgiveness will be reduced by the same amount. If you have already laid off some employees, you can still be forgiven for the full amount of your payroll cost if you rehire your employees by June 30, 2020.

## **Am I responsible for interest on the forgiven loan amount?**

No, if the full principal of the PPP loan is forgiven, the borrower is not responsible for the interest accrued in the 8-week covered period. The remainder of the loan that is not forgiven will operate according to the loan terms agreed upon by you and the lender.

## **What are the interest rate and terms for the loan amount that is not forgiven?**

The terms of the loan not forgiven may differ on a case-by-case basis. However, the maximum terms of the loan feature a 10-year term with interest capped at 4 percent and a 100 percent loan guarantee by the SBA. You will not have to pay any fees on the loan, and collateral requirements and personal guarantees are waived. Loan payments will be deferred for at least six months and up to one year starting at the origination of the loan.

## **When is the application deadline for the Paycheck Protection Program?**

Applicants are eligible to apply for the PPP loan until June 30th, 2020

## **I took out a bridge loan through my state, am I eligible to apply for the Paycheck Protection Program?**

Yes, you can take out a state bridge loan and are still eligible for the PPP loan.

## **If I have applied for, or received an Economic Injury Disaster Loan (EIDL) related to COVID19 before the Paycheck Protection Program became available, will I be able to refinance into a PPP loan?**

Yes. If you received an EIDL loan related to COVID-19 between January 31, 2020 and the date at which the PPP becomes available, you would be able to refinance the EIDL into the PPP for loan forgiveness purposes. However, you may not take out an EIDL and a PPP for the same purposes. Remaining portions of the EIDL, for purposes other than those laid out in loan forgiveness terms for a PPP loan, would remain a loan. If you took advantage of an emergency EIDL grant award of up to \$10,000, that amount would be subtracted from the amount forgiven under PPP.

### **I have already laid off my staff. Am I still eligible?**

Yes, you can still receive funding, once you are awarded the grant you can hire your staff back. (Look at how much of my loan will be forgiven to see how rehiring your staff will change calculations).

### **My small business is a seasonal business whose activity increases from April to June. Considering activity from that period would be a more accurate reflection of my business's operations. However, my small business was not fully ramped up on February 15, 2020. Am I still eligible?**

In evaluating a borrower's eligibility, a lender may consider whether a seasonal borrower was in operation on February 15, 2020 or for an 8-week period between February 15, 2019 and June 30, 2019.

### **What if an eligible borrower contracts with a third-party payer such as a payroll provider or a Professional Employer Organization (PEO) to process payroll and report payroll taxes?**

SBA recognizes that eligible borrowers that use PEOs or similar payroll providers are required under some state registration laws to report wage and other data on the Employer Identification Number (EIN) of the PEO or other payroll provider. In these cases, payroll documentation provided by the payroll provider that indicates the amount of wages and payroll taxes reported to the IRS by the payroll provider for the borrower's employees will be considered acceptable PPP loan payroll documentation. Relevant information from a Schedule R (Form 941), Allocation Schedule for Aggregate Form 941 Filers, attached to the PEO's or other payroll provider's Form 941, Employer's Quarterly Federal Tax Return, should be used if it is available; otherwise, the eligible borrower should obtain a statement from the payroll provider documenting the amount of wages and payroll taxes. In addition, employees of the eligible borrower will not be considered employees of the eligible borrower's payroll provider or PEO.

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## **Employment Options and Unemployment Benefits**

**While the PUA benefits have now expired business owners are still eligible to apply for Maryland unemployment benefits.**

The employment system is now up and running and there is a "line" system in place to prevent the system from crashing. [Landing Page Link](#) from that page you will want to click on the beacon link on the page to get your place in line.

[Questions about usernames/passwords](#)

[Beacon OneStop FAQ](#)

[Beacon Unemployment Tutorial Videos](#)

On Friday, **April 24**, the Maryland Department of Labor will be launching a new, one-stop unemployment insurance application to allow Marylanders to file claims for all unemployment programs entirely online. This includes the Pandemic Unemployment Assistance program, the Pandemic Emergency Unemployment Compensation program, and those who were previously required to file by phone.

Starting Friday, **April 24**, those who are **self-employed, independent contractors**, gig workers, or have insufficient work history will be able to **apply online**.

For more information about these programs and other unemployment questions, visit the [Maryland Department of Labor](#).

The Maryland Chamber is pleased to help promote the rollout of [Talent Exchange](#), a new resource developed in response to the massive wave of layoffs and job losses occurring in the wake of the COVID-19 crisis. Employers with impacted workers and companies that are hiring to meet COVID-related demand can sign up to join the Talent Exchange to connect individuals to jobs. The tool is free of cost and was recently made available to state chambers of commerce, whose leaders are sharing the resource with their members and others in their respective states.

**My employees can make more money on unemployment. What should I do?**

If an employee refuses a recall to work or an individual refuses an offer of work, you must notify the Division of Unemployment Insurance (DUI) within 15 days after the refusal in order for DUI to consider whether the refusal will affect the individual's benefits. This notification may be sent via email to [DLUI-DLLR@maryland.gov](mailto:DLUI-DLLR@maryland.gov). Please include all of the following: date of offer, date of refusal, name and SSN of the individual, your company name and Maryland Unemployment Insurance employer account number

**I am self-employed/business owner. How do I apply for unemployment?**

On 4/24/2020 Maryland will begin taking applications for **Pandemic Unemployment Assistance**.

**How long will these benefits last?**

Benefits last a maximum of 39 weeks of benefits, effective January 27, 2020 through December 31, 2020

## Who is eligible?

Those who are self-employed, independent contractors, gig workers, sole proprietors, or have insufficient work history. These individuals who are not eligible for regular unemployment insurance (UI) and who cannot work due to COVID-19.

## How do I apply?

- Visit [MDunemployment.com](http://MDunemployment.com) and select “Apply for Unemployment Insurance Benefits” in the left hand column. This will take you to the BEACON one-stop application page.
- The first time that you visit the application, you will need to activate your account by providing your social security number and choosing a Username and password. If you have previously applied for UI benefits in Maryland, you will need to have your UI application PIN available to validate your identity.
- Once you have activated your account, you will be able to file your PUA claim.

## What information do I need to apply?

To file a PUA claim, you will need to have the following information available, as applicable:

- Social security number;
- Date of birth;
- Alien registration number, if you are not a citizen;
- Residential and mailing address;
- Telephone number and email address;
- Name, date of birth, and social security number of all dependents under 16 years of age that you will claim, as well the same information for each dependent's other parent, such as the social security number and date of birth for any dependents that you claim;
- If you worked for the federal government, you will also need a SF-8 or SF-50 form; and
- If you are separated from military service, you will also need Form DD-214, member 4 copy.

To file your PUA claim, you will need to provide information and supporting documentation about your work and income history, which may include the following:

- Documentation of the income that you earned in 2019 (Schedule K-1, Form 1099, or summary of quarterly payments);
- All necessary licenses and permits for your self-employment; and
- Proof of an offer to begin employment that was postponed or withdrawn due to COVID-19.

## My employees are making more money on unemployment, and don't want to come back to work. What can I do?

A business can update unemployment records with the State to identify a “return to work date” for employees after the business receives the PPP Funds (or reopens). If the employee does not return to work (or allow themselves to be paid by the employer) as of that date it will be

deemed as voluntary abandonment therefore the former employee will not be eligible for unemployment.

### **How will this affect unemployment expenses?**

Workers compensation update-if you are paying an employee through the COVID-19 crisis but the employee is not performing any employment functions, these wages may be excluded from the Workers Compensation calculation however, you must be able to document this payroll in order to exclude it from the premium calculations. Please use the below link to access MIA bulletin 20-21.

<https://insurance.maryland.gov/Insurer/Documents/bulletins/20-21-COVID-19-Workers-Comp-Ins.pdf>

**As always please feel free to contact TRS CPA Group if you have any questions or need any assistance.**

**For more information, continue reading this on our website:**

<http://trscpa.com/workers-compensation-update/>

## **Links to other helpful resources**

**Extension of Business Tax filing deadlines:** To assist businesses affected by the economic impact of COVID-19, Comptroller Peter Franchot announced he will extend business-related tax filing deadlines to June first.

**State Business Resources:** Up to date info on Maryland's COVID-19 Business Response.

**CDC Business Guidelines:** Guidelines to help keep your customers and employees safe.

**Latest news from the Governor's Office**

[List of Essential Businesses](#)

[Business Resources](#)

[State FAQ](#)

**Forbes Business Funding Tracker:** Up to date info on Federal and state funding programs.

**SBA COVID19 Guidelines:** Official guidelines and programs from the SBA

**National Restaurant Association:**

## Funding Options

This [decision tree](#) may help you identify which program is right for you.

SBA [Lender List](#)

### Federal

1. [\*\*SBA Economic Injury Disaster Loan\*\*](#): Long term loans provided by the federal government. Applying to this program makes you eligible for a \$10,000 grant fundable within about three days of applying.
2. [\*\*Paycheck Protection Program\*\*](#): The Paycheck Protection Program provides small businesses with funds to pay up to 8 weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities. ([Application](#)) **Updated (4/2)** [Visit the Treasury for more info](#)

[Click here](#) for a side by side comparison of these programs

3. [\*\*Small Business Debt Relief Program\*\*](#)
  - The SBA will automatically pay the principal, interest, and fees of current 7(a), 504, and microloans for a period of six months.
  - The SBA will also automatically pay the principal, interest, and fees of new 7(a), 504, and microloans issued prior to September 27, 2020.
4. [\*\*USDA Federal Rural Resource Guide\*\*](#)
  - The USDA is rolling out a number of programs to help rural based businesses which can be viewed using the link above.
  - [Coronavirus Food Assistance Program](#)
5. [\*\*Federal Reserve Main Street Lending Program\*\*](#): The Federal Reserve has announced that it is establishing a Main Street Lending Program (Program) to support lending to small and medium-sized businesses that were in good financial standing before the onset of the COVID-19 pandemic.

#### Eligibility:

- i. was established prior to March 13, 2020;
- ii. is not an Ineligible Business
- iii. meets at least one of the following two conditions: (i) has 15,000 employees or fewer, or (ii) had 2019 annual revenues of \$5 billion or less;
- iv. is created or organized in the United States or under the laws of the United States with significant operations in and a majority of its employees based in the United States;

- v. does not also participate in the MSPLF, the MSELF, the NONLF, the NOELF, or the Primary Market Corporate Credit Facility; and
- vi. has not received specific support pursuant to the Coronavirus Economic Stabilization Act of 2020 (Subtitle A of Title IV of the CARES Act). 4

#### **Main Street New Loan Facility (MSNLF):**

- 5 year maturity;
- principal payments deferred for two years and interest payments deferred for one year (unpaid interest will be capitalized);
- adjustable rate of LIBOR (1 or 3 month) + 300 basis points;
- principal amortization of 15% at the end of the third year, 15% at the end of the fourth year, and a balloon payment of 70% at maturity at the end of the fifth year;
- minimum loan size of \$100,000;
- maximum loan size that is the lesser of (i) \$35 million or (ii) an amount that, when added to the Eligible Borrower's existing outstanding and undrawn available debt, does not exceed four times the Eligible Borrower's adjusted 2019 earnings before interest, taxes, depreciation, and amortization ("EBITDA");
- is not, at the time of origination or at any time during the term of the Eligible Loan, contractually subordinated in terms of priority to any of the Eligible Borrower's other loans or debt instruments; and 8. prepayment permitted without penalty

#### **Main Street Expanded Loan Facility**

- 4 year maturity;
- Amortization of principal and interest deferred for one year;
- Adjustable rate of SOFR + 250-400 basis points;
- Minimum loan size of \$1 million;
- Maximum loan size that is the lesser of (i) \$150 million, (ii) 30% of the Eligible Borrower's existing outstanding and committed but undrawn bank debt, or (iii) an amount that, when added to the Eligible Borrower's existing outstanding and committed but undrawn debt, does not exceed six times the Eligible Borrower's 2019 earnings before interest, taxes, depreciation, and amortization ("EBITDA");
- Prepayment permitted without penalty.

## **State**

### **1. COVID-19 Layoff Aversion Fund:**

"Designed to support businesses undergoing economic stresses due to the pandemic by preventing or minimizing the duration of unemployment resulting from layoffs. The award (up to \$50,000 per applicant), will be a quick deployable benefit and customizable to the specific needs of your business to minimize the need for layoffs."

Key Insights:

**RECIPIENTS ONLY HAD 60 DAYS TO USE THE GRANT FUNDS AND PROVIDE A SUMMARY OF USAGE TO DOL**

2. **[Maryland Grant Fund](#)**: **NOW CLOSED** Grants up to \$10,000 for businesses with more than 1 employee and less than 50.
3. **[Maryland Loan Fund](#)**: **NOW CLOSED** Loans of up to \$50,000 for businesses of less than 50 employees which were established prior to March 9th 2020.
4. **[Maryland COVID-19 Emergency Relief Manufacturing Fund](#)**: **NOW CLOSED** This \$5 million incentive program helps Maryland manufacturers to produce personal protective equipment and other items identified as Critical Needs Items by MEMA and DGS, that are urgently needed by the State of Maryland, Maryland-based hospitals and healthcare facilities, and emergency and first responders.
5. **[MARBIDCO \(Maryland Agricultural & Resource Based Industry Development Corporation\)](#)** : To help Maryland's food and fiber producers, harvesters and primary processors adjust to the business disruptions caused by COVID-19, MARBIDCO is offering loans (with a very quick turnaround time) through its new Pandemic Adjustment Loan Fund.
6. **[Maryland Heritage Areas Authority \(MHAA\)](#)** has developed 2 new grant opportunities:

The creation of a new type of emergency grant: COVID-19 Emergency Operating Grants for Nonprofits (guidelines attached).Nonprofit heritage tourism organizations, located within the boundaries of a certified heritage area, that have been impacted by the COVID-19 crisis are eligible to apply for grants of up to \$20,000. Applications will be accepted on a rolling basis, with all applications received by the first of each month considered as a group. The first deadline is May 1. The link to submit an application is <https://bit.ly/MHAACOVIDGrant>

**It is important to submit your application by May 1st, if possible, as there will be a finite amount of funds available which will decrease as grants are awarded unless future funds are allocated by MHAA.**

Also, if you are a nonprofit partner that has an existing MHAA grant, it may be eligible to be converted to help cover emergency COVID-19 operating costs. This is only for NONPROFITS with <https://bit.ly/MHAACOVIDGrant> unspent portions of existing grant awards. If you are interested in doing this, you can email your project monitor, or complete [this short online form](#) and MHAA will follow up with you.

## County

1. Most counties in the state are setting up their own grant and loan funds, check with your local government to see what opportunities are available. [Check out our local resources section for more details](#)

## Additional Programs

### SBA Bridge Loan

In response to the COVID-19 National Emergency, the SBA Express Bridge Loan (EBL) Pilot Program has been modified and the term extended. The EBL Pilot Program is designed to supplement the Agency's direct disaster loan capabilities and authorizes SBA Express Lenders to provide expedited SBA-guaranteed bridge loan financing on an emergency basis in amounts up to \$25,000 for disaster-related purposes to small businesses located in communities affected by Presidential-declared disasters while those small businesses apply for and await long-term financing (including through SBA's direct Economic Injury Disaster Loan Program, if eligible).

The general eligibility requirements for the EBL are as follows:

- **For small businesses with an existing banking relationship with SBA Express lenders as of the date of the disaster.**
- Effective March 25, 2020, (announcement by publication of a notice in the Federal Register will follow), SBA expanded program eligibility to include small businesses nationwide adversely impacted under the Coronavirus Disease (COVID-19) Emergency Declaration issued by President Trump on March 13, 2020 ("COVID-19 Emergency Declaration").
- EBL loans can only be made by SBA Express Lenders that had a valid Supplemental Loan Guaranty Agreement SBA Express Program in effect as of the date of the applicable disaster;
- EBL loans can only be made up to six months after the date of an applicable Presidential Disaster Declaration, however for the COVID-19 Emergency Declaration, EBL loans can be approved through **March 13, 2021**
- The Lender must have an existing banking relationship with the EBL applicant as of the date of the applicable disaster in order to help mitigate the risks associated with the streamlined underwriting process under the EBL Pilot Program.
- The small business must have been operational when the declared disaster commenced and must meet all other 7(a) loan eligibility requirements (credit elsewhere, size, etc.);
- All EBL applications will begin with a screening for a FICO Small Business Scoring Service Score (SBSS Score) - The minimum acceptable SBSS Score for an EBL loan applicant is 130
- Lender must obtain a personal credit score for each guarantor. The personal credit score(s) must be satisfactory under the Lender's standards for its similarly-sized, non-SBA guaranteed commercial loans.
- The EBL loan must be structured as term loans not to exceed 7 years (**revolving lines of credit are not permitted**).

- The EBL Pilot Program follows the SBA Express interest rate policy, and SBA guaranty percentage is limited to the maximum guaranty percentage of 50% for SBA Express loans.
- EBL loans cannot be sold in SBA's secondary market, they're subject to the same upfront guaranty fees required for 7(a) loans of similar size and maturity
- Because the maximum amount of an EBL loan is \$25,000, SBA Express Lenders are not required to take collateral for EBL loans
- Lenders may charge an EBL applicant an application fee of 2% of the loan amount or \$250, whichever is greater.
- Prior to any disbursement of EBL loan proceeds, Lender must submit a signed IRS Form 4506-T to the Internal Revenue Service (IRS) and obtain an IRS tax transcript for the EBL applicant business for the purpose of verifying the existence of the business as of the date the applicable disaster commenced and confirming that the EBL applicant has filed required tax returns

## Small Business Debt Relief Program

This program will provide immediate relief to small businesses with non-disaster SBA loans, in particular 7(a), 504, and microloans. Under it, SBA will cover all loan payments on these SBA loans, including principal, interest, and fees, for six months (March through September). This relief will also be available to new borrowers who take out loans within six months of the President signing the bill into law.

- SBA will **automatically** (without application or request) cover all payments owed on SBA 7a, 504, and microloans for the next six months
- Payments will be **automatically** (need to confirm with a bank what this really means, functionally) deferred for the balance of the year, i.e. through December 31
- Any pre-authorized debits should be cancelled as these payments are beginning effective immediately (is my understanding) and do not require any application
  - Note: It is the responsibility of the borrower to cancel their PADs. The SBA has no capacity to act on that, and the banks likely cannot or will not

More details from the [SBA here](#)

**In accordance with section 1112(c), SBA will pay the principal, interest, and any “associated fees” that Borrowers owe on a “covered loan” in a “regular servicing status” to 7(a) Lenders and Certified Development Companies (CDCs) for a 6-month period. SBA will make these payments in accordance with the criteria and procedures described below.**

Key Dates:

- April 16th- Lenders may begin submitting 1502 reports for 1112 loans
- April 22nd – Lenders must submit 1502 reporting for April. Must ensure ACH payment is entered to receive April's payment, and submit by the 10th every subsequent month
- April 30th- 7a lenders will receive payment from SBA by this date

- May 1st- 504 lenders will receive payment from SBA by this date if payment due date was April 1st
- September 27th- last day to disburse a loan that will receive 6 months of payments

**This notice refers to all SBA loans, not the PPP program.**

**[See Senate Small Business Committee FAQ](#)**

### **Fast Grant**

Science funding mechanisms are too slow in normal times and may be much too slow during the COVID-19 pandemic. **[Fast Grants are an effort to correct this.](#)**

If you are a scientist at an academic institution currently working on a COVID-19 related project and in need of funding, we invite you to apply for a Fast Grant. Fast Grants are \$10k to \$500k and decisions are made in under 48 hours. If we approve the grant, you'll receive payment as quickly as your university can receive it.

[List of additional debt funding programs](#)

## **Private/Nonprofit Companies: Grants**

### **What other Funding Options are available?**

In times like this, there are two ways to think about funding, one in terms of cash coming in and one in terms of cash going out. If you know you are going to have trouble paying bills and have not yet gotten funding from a lender you'll want to begin reaching out to landlords, debtholders, suppliers, and credit card companies and let them know the situation you are in, they may be willing to work with you and it is better you tried to work with them then they have to call you to see where the rent check is. Many credit card companies have started working with business owners to offer better terms and no interest for a period of time, but you won't know until you ask. **Your creditors do not want you to go under,** this includes everyone from banks to suppliers, they will do what they can to help.

These are originally from a larger webpage on **[Forbes](#)**.

## BGE Energizing Small Business Grants Program

On January 20, BGE will launch its Energizing Small Business Grants Program as part of its \$15 million pledge to assist small businesses with COVID-19 relief and recovery. This is a component of BGE's comprehensive Customer Relief and Energy Infrastructure Investment Plan, designed to help the state's economic recovery from the COVID-19 pandemic.

Through the [BGE Energizing Small Business Grants Program](#), eligible businesses located in BGE's service area will have three opportunities to apply for grants of up to \$20,000:

- Round 1: January 20 - March 3, 2021
- Round 2: May 5 - June 16, 2021
- Round 3: September 1 - October 13, 2021

To be eligible, a business must have between two and 25 employees, less than \$7 million in annual revenue, a demonstrated need for support, a strong plan for moving forward, and be in good standing with the state of Maryland.

## Maryland Restaurant Relief Fund

Without question, COVID-19 has put incredible stress on the restaurant industry. That's why OLD BAY, McCormick For Chefs, and CORECares have joined forces to offer support to local Maryland restaurants impacted by COVID-19. [Apply Here](#)

## US Chamber of Commerce Foundation (**CLOSED**)

A grant program created for small businesses which employ between 3-20 employees. More details [here](#).

## FACEBOOK GRANTS (**CLOSED**)

Facebook has announced they will be providing \$100 million in cash grants or advertising to small businesses. For more information [click here](#). They also launched the [Business Resource Hub](#), which features recommendations to help small businesses stay connected to customers and stay on track.

## KIVA LOANS

The nonprofit organization Kiva provides 0% interest loans to small businesses worldwide. They are expanding eligibility and the number of loans provided during this crisis. For more information, [click here](#).

## GOFUNDME

GoFundMe has partnered with Yelp to allow independent businesses to start fundraisers and accept donations [through Yelp's pages](#). The Yelp Foundation and GoFundMe also both pledged to donate up to \$1 million to the GoFundMe.org [Small Business Relief Fund](#).

## JAMES BEARD FOUNDATION (CLOSED)

James Beard Foundation started a [Food and Beverage Industry Relief Fund](#) to provide microgrants to independent food and beverage small businesses in need.

## JPMORGAN (CLOSED)

JPMorgan pledged \$50 million to help struggling customers, and [\\$8 million in aid](#) to small businesses, specifically.

## KABBAGE

Kabbage launched [an online hub](#) to help boost sales for U.S small businesses impacted by COVID-19, including a system through which businesses can sell gift cards to consumers for use at a later date.

## KANGAROO

Kangaroo wants to support business owners who are unable to be physically present at their offices: The security startup is offering free (for three months) [security camera and monitoring kits](#).

## RING

Ring announced its [Neighbor Pledge](#) initiative, which encourages individuals and groups to create pledge groups to support local businesses.

## SEATED

Seated launched [a hotline](#) for restaurant owners to get advice from finance and law experts in the hospitality industry.

## WEFUNDER

Wefunder, an investment crowdfunding platform, launched a [Coronavirus Crisis Loans program](#) enabling small businesses to crowdfund loans of \$20,000 to \$1 million from supporters.

## YELP

Yelp CEO Jeremy Stoppelman announced the company is providing \$25 million in coronavirus relief for independent restaurant and nightlife businesses in the form of waived advertising fees, and free advertising, products and services.

## NATIONAL RESTAURANT ASSOCIATION (CLOSED)

Guy Fieri and the National Restaurant Association Has Launched Relief Fund to Give \$500 Checks to Restaurant Workers Affected by Coronavirus [Restaurant Employee Relief Fund](#)

Gusto Programs: [Details here](#)

## Private Companies: Loans

### BetterFin

[BetterFin](#) is an online match-making for businesses with lenders. They help businesses raise capital hassle free with pre-approved loans that match your profile through their trusted, verified lenders at no-cost. They analyze your profile and show loans the business is qualified for making the process simple. They can assist with keeping tabs on your credit score and tips for improving it.

### Digital.Com

Digital.com, launched a list of “Best” [Business Loans for 2020](#) that include lenders, loan amounts, repayment terms, time to fund, minimum annual revenue, and fees associated with each lender. Lenders include: Blue Vine, CAN capital, Fundbox, Kabbage, Kiva, Lending Club, Lendio, OnDeck, and SmartBiz

## Additional Resources

### Local Resources

## **Montgomery County:**

**Information:** [Montgomery County Business Resources and Guidelines](#)

**Public Health Emergency Grant Program:** **CLOSED** Check the status of the program [here](#)

- Allocates \$20 million
- County businesses and nonprofits can apply for up to \$75,000
- Businesses must have 100 or fewer full time equivalent employees
- Businesses must be able to demonstrate financial hardship
- Grant funding must be used for employee benefits, wages, taxes, debt, rent and other operating losses during the public health emergency.

**Due to the overwhelming response to the Public Health Emergency Grant (PHEG) program, applications will no longer be accepted after 5 pm on Saturday, April 25, 2020**

## **Teleworking Grant:**

- \$250,000 grant program includes micro grant funding for local businesses and nonprofits
- \$2,500 to purchase teleworking equipment and technology to support teleworking capabilities during the COVID19 emergency.

[MCEDC Manufacturing Grant](#)

**Reopen Grant:** [Details here](#)

## **Allegany County**

The Allegany County Board of Commissioners announced Thursday the creation of a fund to award grants to small businesses impacted by the coronavirus threat. Titled the COVID-19 Small Business Assistance Fund, the program makes available \$2,500 grants to qualifying small businesses with no repayment. Information and Application [here](#).

## **Washington County**

The City of Hagerstown has modified and increased the amount of money in its "Spring Sprout Grant". <https://www.hagerstownmd.org/695/Spring-Sprout-Grants>

## **Prince George's County**

[Matrix of various funding opportunities available to county businesses](#)

## **Charles County**

Charles County Government has created the COVID-19 Business Relief Fund to help local businesses during this national crisis. Under this program, eligible businesses can apply for loans up to \$5000 with deferred repayment. For more information and eligibility, [click here](#).

**Carroll County (CLOSED)**

Westminster, MD, Tuesday, April 7, 2020 - The Carroll County Board of Commissioners voted on March 31st to pursue the establishment of a \$500,000 Carroll County Small Business COVID-19 Emergency Relief Fund, to offer working capital to assist Carroll County small businesses with disrupted operations due to COVID-19. The Carroll County Department of Economic Development worked with the Comptroller, County Attorney and the Industrial Development Authority to establish the fund. The application portal will open **April 7, 2020 at 5:00 PM.**

**Businesses must apply online at <http://carrollbiz.org/> and meet the following conditions to be considered for the \$1,250 grant:**

- Businesses must have been established prior to March 5, 2020 and have between 2-25 full-time employees at that time
- Business must have a Carroll County location and be in good standing with the State of Maryland and Carroll County
- Eligible uses include working capital to support payroll, rent, mortgage payments, utility expenses or other similar expense that occur in the ordinary course of business operations

The following uses are not eligible for funding:

- Non-profits
- Medical service providers
- Home-based businesses: A home-based business is defined as a business that is located in a residence with no other physical location.

The following information is necessary to complete the application:

- Federal Tax ID # (EIN)
- Maryland Department of Assessment and Taxation Department ID #
- Number of full-time (FTE) employees prior to March 5, 2020
- Business mailing address and description
- Purpose of the request

Applications will be considered on a first-come, first-served basis with the application portal opening (4/7) at 5:00 p.m. at <http://carrollbiz.org/>. Once the applicants are verified and approved, pending funding availability, the applicant will receive the grant check via the mail.

## **Baltimore (CLOSED)**

Mayor Young, Goldman Sachs, and Lendistry Announce Multi-Million Dollar Stimulus Program for Local Businesses \$10 million Small Business Stimulus Program Fund to provide emergency forgivable loans to help Baltimore's small businesses endure COVID-19 economic crisis. See the press release [here](#). Apply [here](#).

## **Mayor Young Announces Multi-Million Dollar Aid Package for Baltimore's Small Businesses**

***Initiative Establishes a \$5.5 Million Fund to assist local businesses, and creates a COVID-19 Small Business Task Force to focus on Baltimore's re-opening and continued recovery***

Mayor Bernard C. "Jack" Young announced the COVID-19 Small Business Assistance Initiative, which establishes the COVID-19 Small Business Task Force, a public-private partnership, and a \$5.5 million fund to provide financial assistance to small businesses, as well as other resources and guidelines to help businesses reopen, without compromising public health, once the State of Emergency is lifted.

The \$5.5 million fund will be administered by the Baltimore Development Corporation (BDC) in the following manner:

- Manufacturing and Procurement of Personal Protective Equipment (PPE): As an expansion of BDC and Made In Baltimore's initial grant program, \$500,000 will be allocated to provide grants to Baltimore makers and manufacturers producing PPE and for the city to purchase PPE from these manufacturers for our first responders and front line employees.
- Neighborhood Business Reopening Initiative: BDC will oversee efforts to develop and implement designs to reconfigure public right of way and public spaces to maximize outdoor seating and other business needs to provide ways to create more social distancing in Main Streets, and Retail Business License Districts (RBDLs) and certain commercial districts. This \$1.5 million initiative may include the use of parklets, public information graphics & signage, and design elements to encourage people to patronize local businesses in a manner consistent with public health best practices.
- **Small Business Assistance Fund: BDC will administer a \$3.5 million grant fund on behalf of Baltimore City to provide financial assistance to small business enterprises (SBE) in certain commercial areas. Businesses may apply for up to \$15,000 in grants for expenses such as rent, payroll and purchase of PPE that may be necessary as they plan to reopen. A portion of this fund will be set aside for businesses, which have been unable to qualify for federal aid. SBEs will be required**

**to complete an application to request funding and provide necessary documentation.**

**For more information on eligibility and how to apply will be available, click here by May 4, 2020.**

**For more information regarding other business resources related to the COVID-19 outbreak, click here**

- 1.) <https://www.baltimoretogether.com/>
  - 2.) <https://content.govdelivery.com/accounts/MDBALT/bulletins/2849166>
- BALTIMORE, MD.** — Mayor Bernard C. “Jack” Young and the Baltimore Development Corporation have created a \$50,000 grant fund to assist Baltimore City manufacturers with start-up costs related to the production of Personal Protective Equipment (PPE). Qualifying businesses can request up to \$7,500 to off-set costs of equipment, materials, and/or labor associated with the manufacturing of any of the products listed on the Maryland Department of Commerce’s COVID-19: Maryland Critical Needs List.
- 3.) <https://baltimore.ecomap.tech/portal/covid-resources>
  - 4.)  
[https://www.bcf.org/Home/gclid/EAlalQobChMInu7TqYrN6gIVY-W1Ch12AgyUEAAVASAAEgISkPD\\_BwE](https://www.bcf.org/Home/gclid/EAlalQobChMInu7TqYrN6gIVY-W1Ch12AgyUEAAVASAAEgISkPD_BwE)

## **OSHA Resources and Information**

The U.S. Occupational Safety and Health Administration (OSHA) has information to help employers address the coronavirus pandemic, including:

- [Guidance on Preparing Workplaces for COVID-19](#): a booklet about COVID-19 and the workplace, with steps employers can take in different types of workplaces.
- [Preventing Worker Exposure to \(COVID-19\)](#)
- [Additional Resources suggested by OSHA](#)

To see all of the COVID-19 information available from OSHA, [click here](#).

## **Facebook for Business Tips and Resources**

The Facebook for Business website has tips and resources to help small businesses deal with business interruptions such as the coronavirus pandemic, including:

- Ideas for staying in touch with customers, using online resources such as email, your website and your Facebook page.
- Hosting virtual, online events such as webinars, in place of in-person events.
- Preparing a list of Frequently Asked Questions (FAQs) about how your business is operating during the pandemic.
- Business Resilience Toolkit – a booklet about preparing for a business interruption, and creating a resiliency plan.
- Small Business Resilience Quick Action Guide
- Online courses about how to communicate with customers and provide customer support during business disruptions.

To see all of the Facebook for Business tips and resources, [click here](#).

## Intuit Quickbooks Resources and Tips

The Intuit Quickbooks website has resources and tips about what you can do to address the coronavirus pandemic, including:

- Financial preparedness tips
- Workplace prevention tips
- Suggestions for hosting events
- Best practices for remote work
- Boosting employee morale
- Guidance for protecting your business and employees during the pandemic

For all of Intuit Quickbooks' tips and resources, [click here](#).

## Google Tools and Tips

Google's help center has suggestions for businesses affected by the coronavirus pandemic, regarding updates to their business information on Google My Business, including:

- Changing your business hours if necessary
- Adding information about how your business has been affected and what steps you're taking
- Creating a post
- Updating your phone number if necessary

To see all of Google's update suggestions, [click here](#).

Learn about Google's [Remote Work hub](#), with tips about running online meetings, collaborating on documents remotely, and more.

## Small Business Tax Provisions

### Employee Retention Credit for Employers Subject to Closure or Experiencing Economic Hardship

This provision would provide a refundable payroll tax credit for 50 percent of wages paid by eligible employers to certain employees during the COVID-19 crisis. The credit is available to employers, including non-profits, whose operations have been fully or partially suspended as a result of a government order limiting commerce, travel or group meetings. The credit is also provided to employers who have experienced a greater than 50 percent reduction in quarterly receipts, measured on a year-over-year basis.

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. The credit is provided for wages and compensation, including health benefits, and is provided for the first \$10,000 in wages and compensation paid by the employer to an eligible employee. Wages do not include those taken into account for purposes of the payroll credits for required paid sick leave or required paid family leave, nor for wages taken into account for the employer credit for paid family and medical leave (IRC sec. 45S).

- **The credit is not available to employers receiving assistance through the Paycheck Protection Program. The credit is provided through December 31, 2020.**

### Delay of Payment of Employer Payroll Taxes

This provision would allow taxpayers to defer paying the employer portion of certain payroll taxes through the end of 2020, with all 2020 deferred amounts due in two equal installments, one at the end of 2021, the other at the end of 2022. Payroll taxes that can be deferred include the employer portion of FICA taxes, the employer and employee representative portion of Railroad Retirement taxes (that are attributable to the employer FICA rate), and half of SECA tax liability.

- **Deferral is not provided to employers receiving assistance through the Paycheck Protection Program.**

### COVID-19-Related Tax Credits for Required Paid Leave Provided by Small and Midsize Businesses

The Families First Coronavirus Response Act (the "FFCRA"), signed by President Trump on March 18, 2020, provides small and midsize employers refundable tax credits that reimburse them, dollar-for-dollar, for the cost of providing paid sick and family leave wages to their employees for leave related to COVID-19.

- View more details [here](#)

## Maryland Tenant Protections

Governor Hogan's Executive Order – Governor Hogan issued an [Executive Order](#) on April 3, 2020 stating that if a tenant can show through documentation or other evidence that they suffered a substantial loss of income related to COVID, the court cannot award the landlord possession of the property. Tenants can raise this as a defense in both Failure to Pay Rent and Breach of Lease Cases. The judge will review the tenant's evidence of lost income. This defense is available to both commercial and residential tenants.

<https://governor.maryland.gov/wp-content/uploads/2020/10/Evictions-Repossessions-Foreclosures-2d-AMENDED-10.16.20.pdf>

<https://dhcd.maryland.gov/Residents/Pages/COVID-19RentalTenantsGuidance.aspx>

Potential Legal Resources:

Maryland Legal Aid: <https://www.mdlab.org/>

Tenant Rights Eviction Brochure: <https://www.mdlab.org/mla-tenantrightsevictions/>  
<https://www.youtube.com/watch?v=4PQaAULFFM>

December 20, 2020 Stimulus package:

[Ways and Means Provisions in the 2020 Year-End Legislation](#)

[COVID-19 Emergency Relief Package – Detailed Summary of New Agreement](#)

[“Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues”](#)

[Covid-19 Agreement Overview](#)

## Information from the Planning Shop Regarding New Stimulus Package

Below are details of small business provisions of the new stimulus package as I know them and as importantly: *What you should do immediately to take advantage of these programs.*

Late last night, after months of delay by the Senate, Congress finally passed a new stimulus package which includes many provisions relating to small businesses and the self-employed. This is a long, detailed newsletter, as I hope to answer many of your questions. This is based on legislation, not the regulations that will come out sometime soon to clarify some of these issues.

Stay connected to me—via this newsletter and my social media feeds—as I will continue to update information as I get it. I will hold a Facebook Live as soon as I have more details to help answer your questions.

### Top Issues

- [If you've already received PPP funds, new tax treatment of PPP expenses](#)
- [New round of PPP whether or not you've received PPP before](#)
- [PPP set asides for certain small businesses](#)
- [Grants for cultural, arts, live events, and smaller cultural providers](#)
- [Grants for EIDL advances and other changes to program](#)
- [What you should do immediately](#)

## If You've Already Received PPP Funds

**New treatment of PPP expenses.** Expenses used for PPP forgiveness are now **TAX DEDUCTIBLE**. When Congress passed the CARES act, they indicated that PPP funds should NOT be taxable. However, Treasury Secretary Mnuchin decided businesses could NOT deduct expenses used to qualify forgiveness—thus making an equivalent amount to PPP funds taxable. This legislation corrects Mnuchin's actions.

**Simplified Form for Forgiveness.** If your PPP loan was for \$150,000 or less, there will be a new, simple, one-page form to apply for forgiveness. Your lender should provide you a link to a form soon in the new year.

**More expenses qualify for forgiveness.** While *you still need to use at least 60% of PPP funds on "payroll expenses,"* qualifying non-payroll expenses are much broader, now including payment for software, cloud services, accounting & HR, property damage due to civil unrest, PPE and Covid-prevention equipment and, importantly— supplier costs that were contracted or ordered before you got the loan or costs of perishable goods ordered before or during the life of the loan. (All these had to be paid during the forgiveness period, of course.) This should help companies that have high, non-rent and non-utility expenses.

## New Round of PPP Funds Whether or not You've Received PPP

### Before

Here's VERY GOOD NEWS. Congress passed \$284 billion for another round of PPP loans.

You can apply for a new PPP forgivable loan, whether or not you received one before. This can be your first or second PPP loan. You cannot get more than two.

#### Eligibility:

- Your Income—GROSS RECEIPTS—must have declined by 25% or more in any quarter of 2020 compared to 2019. While Senator Marco Rubio (R-FL), head of the Senate Small Business committee, wanted this number to be at least a 50% loss, others pushed back and successfully got the amount lowered to a more appropriate loss of 25% of gross revenues, meaning many more struggling small businesses will get help. Gross receipts are likely to exclude funds from PPP loans or other loans or grants. This loss must be measured by a quarter of 2020 (Jan-Mar, Apr-June, July-Sept, Oct-Dec) and not just a three-month period. All or some borrowers may also have to indicate that the loan is an economic necessity. There are also provisions for seasonal businesses to adjust the time periods.
- You must have been in business prior to February 15, 2020.
- You have used, or will use, all of your previous PPP loan if you received one.
- You have fewer than 300 employees in any one location.
- Qualified businesses can be corporations, LLCs, sole proprietors, self-employed, independent contractors.
- No loan can be greater than \$2 million.

How much can you get? For most businesses, the amount you can apply for is, as before, the amount of your average monthly payroll in 2019 or the year before your loan times 2.5. This is the same as the previous round of PPP.

For accommodation and food service businesses, the amount you can apply for is your average monthly payroll in 2019 times 3.5.

**Forgiveness.** You can get forgiveness for this PPP loan by spending at least 60% on payroll expenses (wages, salaries, retirement, group health insurance, etc.) and a maximum of 40% on qualifying expenses during an 8- or 24-week period. (See above.)

## PPP Set Asides for Certain Small Businesses

**Because the smallest businesses and those located in low and moderate income areas were often shut out of the first round of PPP funding, this bill includes set-asides for small businesses with fewer than 10 employees, those in low/moderate income areas, and funds for small community banks, credit unions and community-based lenders. This will hopefully level the playing field, making it easier for smaller, needier businesses to get these forgivable loans.**

## Grants for Cultural, Arts, Live Events, Theaters, Smaller Cultural Providers

\$15 billion in grants not loans were included for certain live event, movie theatres, museums, and other cultural providers.

*Small cultural providers, artists, etc. should MOVE FAST.* This appears to be designed primarily as a bailout for large movie theatre chains, that will also be eligible for these funds and can get grants of tens of millions of dollars. Smaller venues and cultural providers theoretically go to the front of the line, but if you're not ready to apply as soon as these are available, you're probably going to get left behind. PAY ATTENTION!

- Eligibility: live venue operators or promoters, theatrical producers, live performing arts organization operators, museum operators, motion picture theatre operators, or talent representatives who demonstrate at least a 25 percent reduction in revenues.
- Smaller providers: \$2 billion was set aside for those with 50 full-time employees or fewer, but set aside only for 60 days. After that, those monies are available to larger businesses as well. (So it will be easy for smaller businesses to get left out.)
- In the initial 14-day period, grants will be awarded to eligible entities that have faced 90 percent or greater revenue loss. This may include large chains.
- In the 14-day period following the initial 14-day period, grants will be awarded to eligible entities that have faced 70 percent or greater revenue loss.
- After these two periods, grants shall be awarded to all other eligible entities.
- Grants to be used for specified expenses such as payroll costs, rent, utilities, and personal protective equipment.
- Initial grant can be up to \$10 million, and a second grant could be up to 50% of the first grant. In other words, a large chain could get \$15 million in GRANTS.

The amount of grant appears to be up to 45% of your 2019 revenue or 85% of 2019 operating expenses, but I am not clear on that yet.

## Grants for EIDL Advances and Other Changes to Program

When EIDL (Economic Injury Disaster Loan) grants were passed by Congress, they allowed for a \$10,000 “Advance” to be treated as a grant, not a loan. Trump’s SBA unilaterally scaled back that grant to only be \$1000 for each employee, counteracting Congressional intent. This addresses that issue.

- Businesses in low-income communities that received an EIDL loan can get a grant equal to the difference of what they received and \$10,000.
- Eligible Businesses in low-income communities that did not get EIDL loans/Advance grants because funds had run out can now get \$10,000.

Also, if you previously received both an EIDL Advance grant and a PPP loan, you had to deduct the advance from your PPP forgiveness amount. You now no longer have to deduct that amount from forgiveness.

## What You Should Do Immediately

**ACT FAST.** What small businesses learned the last round of PPP funding was that if you snooze, you lose. You should be prepared to apply for everything THE VERY FIRST DAY IT BECOMES AVAILABLE.

Here's what you should do:

1. Figure out your income by quarters this year versus 2019. Many small businesses have lousy records, but you're going to have to certify at least a 25% drop in gross revenues (minus PPP and, I suspect, unemployment or other grants). Get this info together now. Spend some time over the holidays getting your finances together!
2. Contact potential lenders. Line up a few potential lenders. Contact local banks, community lending institutions, credit unions. Ask whether they're going to participate in the next round of PPP lending. Try to connect with an individual lending officer. Find a couple lending sources.
3. Set up business banking. If you don't already have a business bank account, get one.
4. Pay attention. Keep a close eye out for application openings and deadlines. Apply DAY ONE for everything you even potentially qualify for.

**PLEASE PASS THIS INFORMATION ON TO YOUR SMALL BUSINESS AND SELF-EMPLOYED FRIENDS AND COLLEAGUES.** I want to see every qualified small business get the help they need to survive and thrive, so please share this information, so they can be prepared as soon as the applications for these programs become available.

As I stated earlier, I'll start to do Facebook Lives again as more information becomes available so keep an eye on this space and my social feeds. [Sign up here if you are not already on my mailing list.](#)

Stay well, stay in business,

A handwritten signature in black ink that reads "Rhonda".

Rhonda Abrams, CEO PlanningShop