

NFIB UPDATE

COVID-19 Webinar Series for Small Business

with Beth Milito and Holly Wade, NFIB



July 14, 2021

Special Guest – Shelley Brown, SBA, Lender Relations Specialist

Topic – Paycheck Protection Program (PPP) Loan Forgiveness



DISCLAIMER

- The materials and information provided in this webinar and on NFIB's website are for informational purposes only and not for the purpose of providing legal or tax advice. You should contact your attorney and/or tax professional to obtain advice with respect to any particular issue or problem.
- This is based on information available by 07/14/21.

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Upcoming Webinars



Wednesday, July 28th @ 12pm EST

Topic – **Employee Retention Credit Workshop**

with ***Matt Evans***, CPA, CMA, CFM Washington,
D.C. SCORE Chapter, Certified Mentor

Agenda



- PPP Loan Forgiveness
- Q&A
- Send questions to info@nfib.org

COVID-19 Resources

-
- [Paycheck Protection Program](#)
 - [Economic Injury Disaster Loan](#)
 - [Employee Retention Credit](#)
 - [Restaurant Revitalization Fund](#)
 - [Shuttered Venue Grant](#)
 - [NFIB Coronavirus Resources](#) (including past webinars)

Employee Retention Credit (ERC) – The Basics

Up to \$33,000 per employee!

	2020 3/13/202 – 12/31/2020	2021 1/1/2021 – 12/31/2021
Maximum Tax Credit per Employee	\$5,000 for 2020	\$28,000 for 2021
Tax Credit Calculation	50% of the first \$10,000 in qualified wages per employee in a quarter	70% of the first \$10,000 in qualified wages per employee in a quarter
Eligibility	100 employees or less 50% reduction in gross receipts a quarter compared to same quarter in 2019 OR subjected to mandatory partial or full shutdown	500 employees or less 20% reduction in gross receipts a quarter compared to same quarter in 2019 OR subjected to mandatory partial or full shutdown

Employee Retention Credit - Resources

The Employee Retention Tax Credit (ERC): What Small Businesses Need to Know

www.nfib.com/content/legal-blog/coronavirus/the-employee-retention-tax-credit-erc-what-small-businesses-need-to-know

Previous webinars:

Wednesday, June 9, 2021

Claiming the Employee Retention Credit

Justin Elanjian, CPA, from Aprio, the award-winning, top-rated CPA and Advisory Services Firm

www.nfib.com/webinars/claiming-the-employee-retention-credit-dont-miss-out-on-the-tax-credit-that-offers-up-to-33000-per-employee/

Wednesday, May 26, 2021

PPP and ERC: A Tax Lawyer Explains How to Maximize Both Programs Together

Martin Karamon, JD/LLM, Principal, Cherry Bekaert, LLP

www.nfib.com/webinars/ppp-and-erc-a-tax-lawyer-explains-how-to-maximize-both-programs-together



Stop by for answers to your small business COVID-19 relief program questions via

FACEBOOK LIVE

Small Biz Coffee Corner

Join us and feel free to bring your questions on pandemic relief programs like PPP, EIDL, ERTC, and more!

including EIDL grant update!

Thursday, July 15, 2021 | 2:00 PM EDT

Speakers



Beth Milito

Senior Executive Counsel,
NFIB Small Business Legal Center



Holly Wade

Executive Director,
NFIB Research Center



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U.S. Small Business
Administration



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Find Near Provided By





U.S. Small Business
Administration

SBA's Funding Overview

- Payroll Protection Program (PPP) **Expired**
- Economic Injury Disaster Loan (EIDL)
- Economic Injury Disaster Targeted Advance
- Shuttered Venue Operators Grant (SVOG)
- Restaurant Revitalization Fund (RRF) **Applications no longer being accepted**
- SBA Lending



SBA COVID-19 Economic Aid Funding Options

Loan Programs

Grant Programs



Expired

Paycheck Protection Program (PPP)

7(a), 504 and Microloans

Economic Injury Disaster Loan (EIDL) and Targeted EIDL Advance and supplemental Advance

Shuttered Venue Operators Grant (SVOG)

Funding exhausted

Restaurant Revitalization Fund

SBA's Funding Options



Economic Injury Disaster Loan EIDL

- SBA Direct Loan
- Operating costs
- 3.75% interest rate
- 2.75% interest rate-nonprofits
- 30-year loan
- Collateral may be required
- Payments deferred
- Loan not forgiven



Payroll Protection Program PPP

- Lender Loan
- 60% or more used for payroll
- 40% or less used for expenses
- No Collateral required
- Loan can be 100% forgiven
- 1% interest rate on unforgiven amount
- 5-year term on unforgiven amount

COVID-19 Economic Injury Disaster Loan (EIDL)

Provides economic aid to businesses experiencing a temporary loss of revenue due to COVID-19

Applications accepted through December 31, 2021

- In April 2021, SBA increased the EIDL loan calculations from a 6-month economic injury maximum loan amount to a 24-month economic injury maximum loan amount. This allows an increase of the EIDL from \$150,000 to \$500,000
- Businesses do not need to submit the request for an increase. SBA will reach out to the borrower directly via email. Any new loans and loans currently being processed will automatically be considered for a highly loan amount
- Deferment period has also been expanded 24 months loans made in 2020 and 18-months loans made in 2021



[SBA.gov/Disaster](https://www.sba.gov/disaster)

Targeted EIDL Advance

No action required until contacted by the SBA via direct email invite

- Will balance out a previous EIDL Advance to the full \$10,000 if the business is: 1) in a low-income community; 2) suffered greater than 30% economic loss; and 3) has 300 or fewer employees
- Those who applied for an EIDL Advance but didn't receive funds due to lack of funding will receive a full \$10,000 if they meet same requirements above and per Targeted EIDL Advance funding availability
- The **SBA will reach out to those who may qualify** via email with instructions to determine eligibility and submit documentation.



Supplemental Targeted EIDL Advance

No action required until contacted by the SBA via direct email invite

- Provides aid to the smallest and hardest hit eligible businesses with a supplemental payment of \$5,000 which does not have to be repaid.
- Additional funding if the business is: 1) in a low-income community; 2) suffered greater than 50% economic loss; and 3) has 10 or fewer employees
- The **SBA will reach out to those who may qualify** via email with instructions to determine eligibility and submit documentation.



[SBA.gov/CoronavirusRelief](https://www.sba.gov/CoronavirusRelief)

Shuttered Venue Operators Grant

SAM.gov registration required

Apply on-line at [SBA.gov/SVOgrant](https://www.sba.gov/SVOgrant)

Applications still being accepted

Eligible Entities

- Live venue operators or promoters
- Theatrical producers
- Live performing arts organization and motion picture theater operators
- Relevant museum operators, zoos and aquariums who meet specific criteria
- Talent representatives
- Up to five business entities owned by an eligible entity that also meet the eligibility requirements

Plus ...

- Must have been in operation as of Feb. 29, 2020



[SBA.gov/CoronavirusRelief](https://www.sba.gov/CoronavirusRelief)

SBA Funding

other options through lending partners



- 7a Loan- Term loan up to \$5 million use of funds- working capital, purchase equipment, expansion, purchase existing business finance a variety of business purposes
- 7a Express -up to \$1 million through Sept 2021 line of credit available
- Micro loan - up to \$50,000 through approved micro lenders
- 504 loan- up to \$5 Million long term asset loan to purchase or build real estate
- Disaster Loan

SBA Funding

other options through lending partners



- NO SBA fees through September 2021
- SBA will make 3 months payments on fully disbursed loans on SBA loans closed between now and September 2021
- Increased loan guaranty for lenders

Payroll Protection Program PPP



You have used your
PPP funds accordingly

Now What??

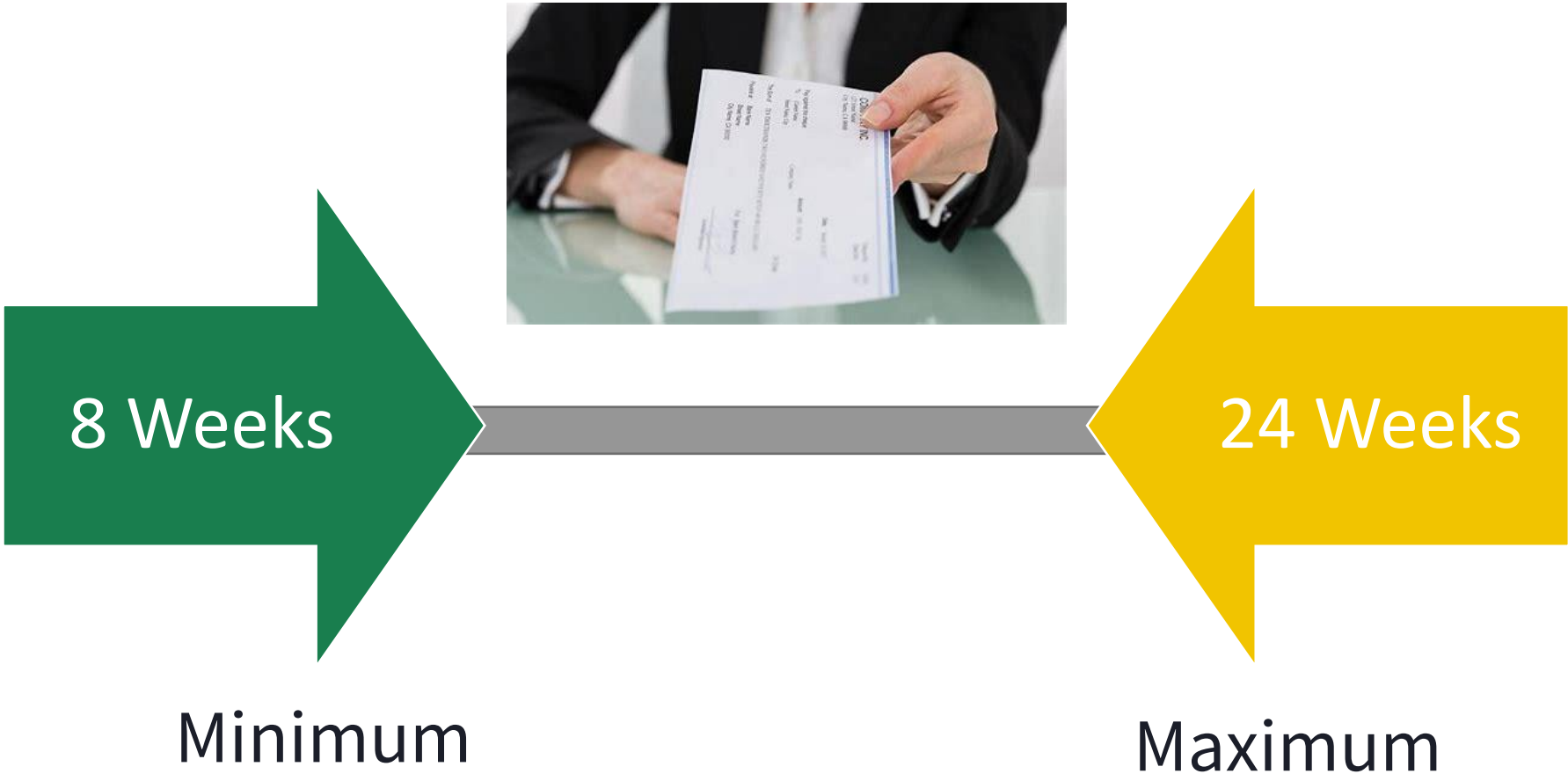
Payroll Protection Program PPP

Important PPP forgiveness details

- You must apply for forgiveness It is NOT automatic
- You have 10 Months after the covered period to apply for forgiveness
- If you do not apply for forgiveness, you must begin making payments on your PPP loan to the lender

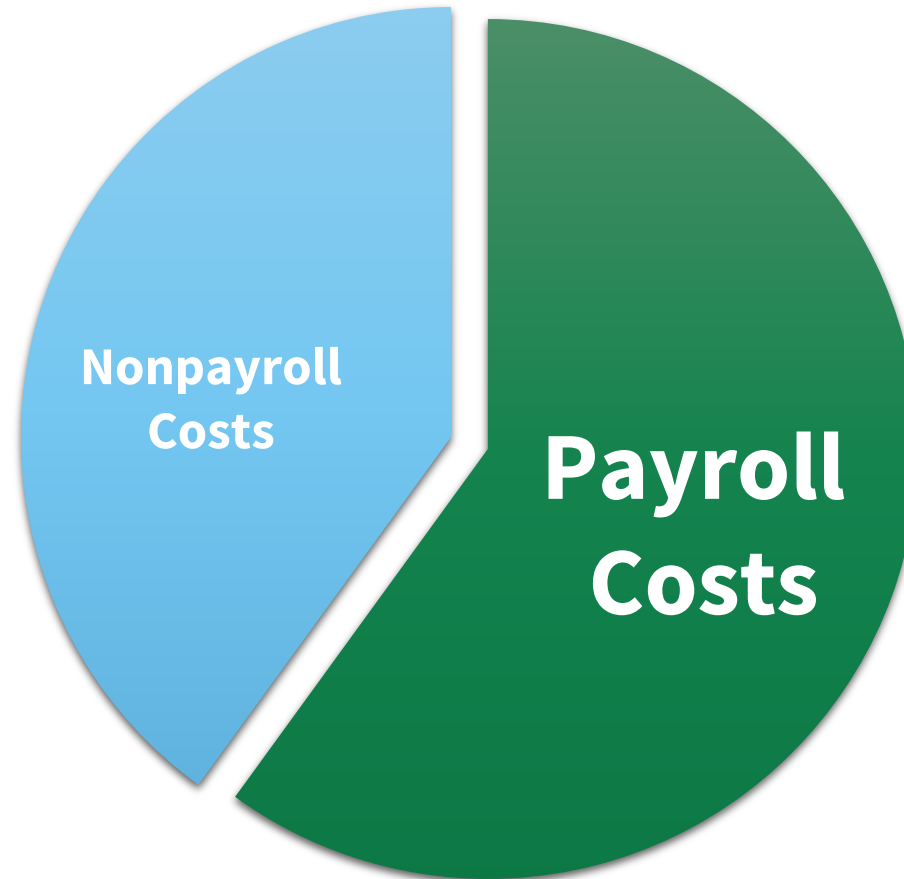


PPP Covered Periods



Payroll Costs: At Least 60%

Eligible for Forgiveness



Payroll Costs Eligible for Forgiveness



Cash

- Salary/Wage
- Hazard/Bonus
- Commissions
- Tips



Benefits

- Paid Leave
- Group Health/Life
- Retirement



Employment Taxes

- State
- Local

Do not include employer contributions for federal employment taxes.

Cash Compensation Caps

Employee

Maximum
24 weeks
= **\$46,154**

Owner/Employee

5% stake

Maximum
24 Weeks
= **\$20,833**

Owner/Employee Caps by Covered Period

Prorated

8 Weeks	10 Weeks	12+ Weeks
	Lesser of...	
8 Weeks X 2019/2020	10 Weeks X 2019/2020	2.5 X 2019/2020
\$15, 3851	\$19,231	20,833

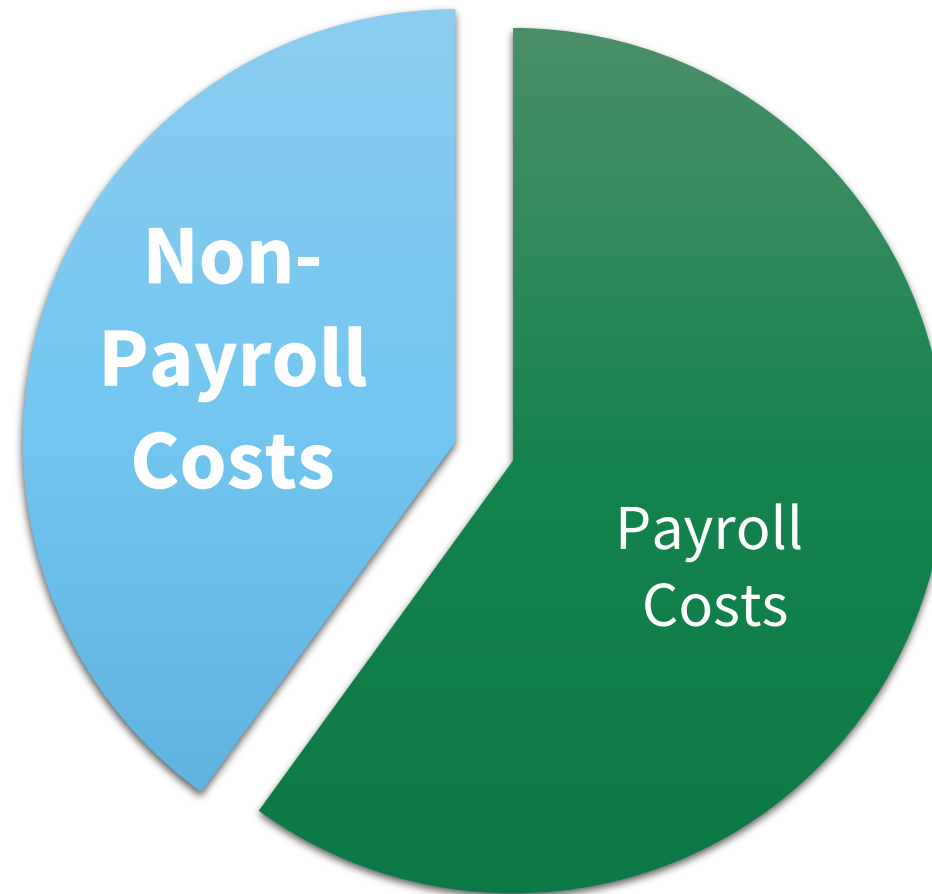
Owner/Employees: Health & Retirement

Limitations

	Retirement	Health	Dividends
Schedule C	N	N	
Partner	N	N	
S-Corp	Y	N	N
C-Corp	Y	Y	N

Nonpayroll Costs: No More Than 40%

Eligible for Forgiveness



Non-Payroll Costs

**Interest on
Mortgages**
real and personal

Rent
real and personal

Utilities
Electricity, Gas, Water,
Phone, Internet,
“Transportation”

**Operations
Expenditures**

**Property Damage
Costs**

Supplier Costs

**Worker Protection
Expenditures**

[See Forgiveness IFR](#)
p. 13 for specifics.

PPP Loan Forgiveness

What PPP forms should I use?

There are 3 PPP loan forgiveness applications

All forms have an instruction page



Form 3508 S The simplest of forms, 3508S is only for borrowers with loans amounts of 150k or less. No calculations or documentation. Must certify that you operated under the PPP rules and used funds for eligible expenses.

Form 3508 EZ streamlined form if you did not reduce the hourly wages by more than 25% or the annual salary. You did not reduce the number of employees or average number of employees and you were unable to operate to the same capacity due to compliance for Health and Occupational Safety

Form 3508 for any borrower that can not use 3508 S or 3508 EZ Schedule A must be filled out

Why is Salary/Wage Reductions and FTE important?

Decreases in either can mean decreased forgiveness.

1. Salary/Wage is reduced no more than 25%.
2. FTEs are lower during the Covered Period than previous Quarter.



Salary/Wage Reduction: No more than 25%

**Your
Covered
Period**

Pay Average
Each Employee

vs.

**Most Recent
Full Quarter**

Pay Average
Each Employee

Example



**Jan-Mar
2021**



**Oct-Dec
2020**

Example: Salary/Wage Comparison

Amount Paid to Each Employee

- Most Recent Quarter and Covered Period

Staff	Covered Period Average Wage Rate	Most Recent Quarter Average Wage Rate	Covered Period ÷ Quarter	Reduction
Kim	\$15.00	\$15.00	1.00	0%
Nikki	\$15.00	\$20.00	0.75	25%
Melissa	\$15.00	\$15.00	1.00	0%
Ray	\$10.00	\$15.00	0.66	34%
Cynthia	\$0	\$15.00	NA	NA

Determining FTE



Simplified Method

- 40+ hrs. = 1
- Less than 40 = .5



Regular Method

- Employee Ave. #/Week ÷ 40

FTE Reduction Exceptions



1. Made a good-faith, written offer to rehire an employee (same wage & hours), and was rejected
2. Fired for cause
3. Voluntarily resigned
4. Voluntarily requested and received a reduction of hours
5. Unable to hire similarly qualified by December 31, 2020

FTE Safe Harbor #1

1. Business Activity “as before Feb 15, 2020”
2. Compliance Period:
 - PPP 2020 = Between Mar 1-Dec 31, 2020
 - PPP 2021 = Between Mar 1, 2020 and the End of the Covered Period
3. Requirements/Guidance from CDC, OSHA, HHS

[OSHA Guidance on Returning to Work](#)

[OSHA Hazard Recognition](#)

[OSHA Standards Covid-19](#)

[CDC Interim Guidance for Businesses and Employers](#)

[CDC How to Protect Your Small Business & Employees](#)

[CDC People Who Need to Take Extra Precautions](#)

FTE Safe Harbor #2

1. Reduced its FTE Feb 15 - Apr 26, 2020; **and**
2. Restored employees no later than--
 - PPP 2020 = Dec 31, 2020 to its Feb 15 levels or
 - PPP 2021 = Last day of the Covered Period

Forgiveness Deadlines



10-month deferment is for forgiveness application, NOT the start of repayments.

Process for Loan Forgiveness

PPP

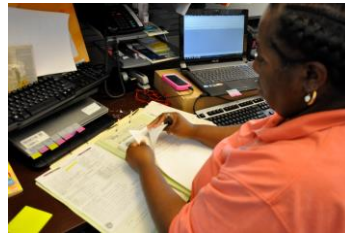
Borrower Applies with the Lender that issued the PPP Loan



Lender reviews forgiveness application and any supporting documentation then submits it to SBA for review



SBA will review the forgiveness application and approve it in full, partial or deny, then send funds to lender



Process for Loan Forgiveness

PPP

100% Forgiven

SBA will submit the funds plus interest due to the lender. Lender will apply the funds towards PPP loan.

Lender will notify you paid in full status



Partially forgiven

SBA will remit the funds plus interest on the partial PPP loan amount. Lender will apply payment and then advise you of remaining balance and when payments are due



Denied

SBA will notify the lender the PPP forgiveness application is denied and will state the reasons why.



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Thank you



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