

NFIB UPDATE

COVID-19 Webinar Series for Small Business

with Beth Milito and Holly Wade, NFIB



FEBRUARY 10, 2021

Special Guests – Kim Stout

Economic Development Specialist, Eastern Pennsylvania District Office
U.S. Small Business Administration

**PPP Second Draw, PPP Loan Forgiveness, Economic Injury Disaster
Loan, and Q&A**



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- This is based on information available by 2/8/21.

Agenda

-
- Covid-19 Small Business Resources
 - Kim Stout, SBA
 - PPP Second Draw
 - PPP Loan Forgiveness
 - Economic Injury Disaster Loan (EIDL)
 - Q&A
 - Send questions to info@nfib.org



The Paycheck Protection Program (PPP) has reopened!

MBA volunteers from our Small Business Strike Team are ready to help small businesses navigate the PPP loan application and forgiveness process.

1,200+ MBA students from 20 schools

[Sign Up Now!](#)



Upcoming Webinars

Wednesday, February 24th @12pm EST

Special guest: Matt Evans, CPA, SCORE

Topic: Employee Retention Tax Credit

Wednesday, March 3rd @ 12pm EST

Special guest: Anders CPAs and Advisors

Topic: How to Prepare for April 15th Tax Filing

Employee Retention Tax Credit

- Tip sheet and January 27th webinar with Anders CPA and Advisors [HERE](#)
- IRS FAQs [HERE](#)

Examples

- 30 employees each with \$10k qualifying wages/quarter – **tax credit of \$420k**
- 15 employees each with qualifying wages of \$7k/quarter – **tax credit of \$147k**

(70% tax credit on wages up to \$10,000 per employee per quarter)



Employee Retention Tax Credit Overview			
	2020 Rules	New rules: 3/13/2020-12/31/20	New rules: 1/1/21-6/30/21
Interaction with PPP	No ERTC if received a PPP loan	Taxpayers that receive a PPP loan can claim the ERTC, excluding wages paid for by a PPP loan.	
Maximum Tax Credit per Employee	\$10,000 for 2020	\$10,000 for 2020	\$14,000 for 2021
Tax Credit Calculation	50% of the first \$10,000 in qualified wages per employee in a quarter	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	100 employees or less	500 employees or less
	50% reduction in gross receipts a quarter compared to same quarter in 2019 OR subjected to mandatory partial or full shutdown		20% reduction in gross receipts a quarter compared to same quarter in 2019

COVID-19 Resources

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- [First PPP Draw Borrower Application \(Updated 1/8/21\)](#)
 - [Second PPP Draw Borrower Application \(Released 1/8/21\)](#)
 - [NFIB PPP Second Draw Tip Sheet](#)

 - [PPP Loan Forgiveness Form 3508S Application and Instructions for loans less of \\$150,000 or less \(Updated 1/19/21\)](#)

 - [PPP Loan Forgiveness Form 3508EZ Application Instructions](#)
 - [PPP Loan Forgiveness Form 3508EZ Application](#)

 - [PPP Loan Forgiveness Form 3508 Application Instructions](#)
 - [PPP Loan Forgiveness Form 3508](#)

 - [AICPA PPP Loan Forgiveness Calculators \(updated Feb 2021\)](#)
 - [NFIB Coronavirus Resources \(including webinar recordings\)](#)

 - [NFIB Employee Retention Tax Credit Tip Sheet](#)
 - [NFIB FFCRA \(COVID-19 leave\) Tax Credit Tip Sheet](#)



2021 COVID-19 Economic Aid Overview

Current as of February 5, 2021

This presentation provides a general overview of the programs the SBA is administering related to provisions in the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the Economic Aid Act). In the event of any inconsistency between this presentation and the Economic Aid Act, the PPP Flexibility Act of 2020, the CARES Act, PPP IFRs, PPP FAQs, PPP Application Forms and Instructions, and other PPP guidance (together, official guidance), the official guidance governs.

Information Current as of 2/5/21 – Visit [SBA.gov/CoronavirusRelief](https://www.sba.gov/CoronavirusRelief) for the most up-to-date information.

Agenda

- 1 Where We Are
- 2 SBA COVID-19 Economic Aid Funding Options
- 3 Loan Program Details – PPP, EIDL
- 4 Grant Program Details – Targeted EIDL Advance, SVOG
- 5 Additional Assistance & Resources



Where We Are

Congress intended this round of COVID-19 economic aid funding to support the hardest-hit small businesses and those in underserved segments, including women, minorities and veterans.

The SBA is committed to ensuring the programs are launched as quickly as possible to deliver critical economic aid to America's small businesses and other eligible entities.



SBA COVID-19 Economic Aid Funding Options

Loan Programs

Grant Programs



Paycheck
Protection
Program
(PPP)



Debt Relief on
SBA 7(a), 504
and Microloans



Economic
Injury Disaster
Loan (EIDL)
and
Targeted EIDL
Advance



Shuttered
Venue
Operators
Grant (SVOG)

Paycheck Protection Program Top Takeaways

- Expands PPP eligibility and how funds can be used
- A borrower can now select a covered period to be **between 8 and 24 weeks**
- Offers a Second Draw PPP loan option for hardest hit small businesses
- Allows for deduction of expenses covered with forgiven PPP loan debt on federal taxes
- Updates simplified forgiveness form to include PPP loans of up to \$150,000 (86% of PPP loans submitted in 2020)
- No longer subtracts EIDL Advance from PPP loan forgiveness amount



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

What is a First Draw PPP Loan?

For eligible applicants that did not receive a PPP loan prior to Aug. 9, 2020

- PPP loan eligibility now includes additional types of entities
- Covered eligible expenses are expanded
- Borrowers can set the covered period to use PPP loan proceeds to be any length between 8 and 24 weeks after disbursement
- Certain borrowers may request an increase to their original PPP loan amount
- Must have been in business by Feb. 15, 2020
- Must apply **on or before March 31, 2021**, or until Congressional appropriations are exhausted



SBA.gov/PPP

First Draw PPP Loan Eligibility

Must comply with size standards, eligibility criteria & certain limitations

Newly Eligible

- Housing cooperatives
- Destination marketing organizations
- Certain 501(c)(6) organizations such as Chambers of Commerce
- Eligible news organizations

Still Eligible

- Sole proprietors, independent contractors, self-employed individuals
- Business entities (e.g., partnerships, corporations, LLCs)
- 501(c)(3) non-profit organizations
- 501(c)(19) Veterans organization
- Tribal businesses



SBA.gov/PPP

Information Current as of 2/5/21 – Visit www.sba.gov/CoronavirusRelief for the most up-to-date information.

What is a Second Draw PPP Loan?

For borrowers that previously received a PPP loan, have 300 employees or less, and suffered a 25% reduction in gross receipts

- For most borrowers, the maximum loan amount of a Second Draw PPP loan is 2.5x average monthly 2019 or 2020 payroll costs, up to \$2 million.
- For borrowers in the Accommodation and Food Services sector (NAICS 72), the maximum loan amount for a Second Draw PPP loan is 3.5x average monthly 2019 or 2020 payroll costs, up to \$2 million.
- Second Draw PPP loan applicants must submit the information on **SBA Form 2483-SD** (Borrower Application) when applying to their lender.



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

Second Draw PPP Loan Eligibility

**Must have previously received a First Draw PPP loan
and covered periods cannot overlap**

Additional Eligibility Criteria

- Has used or will use the full First Draw PPP loan amount only for eligible expenses before the Second Draw PPP loan is disbursed
- Has no more than 300 employees
- Can demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020.



SBA.gov/PPP

PPP Loan Application Process



1. Find a PPP Lender

- [SBA.gov/LenderMatch](https://www.sba.gov/LenderMatch)
- [SBA.gov/PaycheckProtection/find](https://www.sba.gov/PaycheckProtection/find)
- Contact SBA Resource Partner: [SBA.gov/local-assistance](https://www.sba.gov/local-assistance)

2. Complete Application

- Include all supporting documentation
- Get help from SBA Resource Partner: [SBA.gov/local-assistance](https://www.sba.gov/local-assistance)

3. SBA Issues Loan

- Lender submits application electronically to the SBA for compliance check & loan number

March 31, 2021 (or when appropriated funding is exhausted) is the final deadline for lenders to submit PPP loan applications to the SBA



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

Information Current as of 2/5/21 – Visit www.sba.gov/CoronavirusRelief for the most up-to-date information.

PPP Loan Terms / Maturity

If the PPP loan is not 100% forgiven

PPP loans have:

- A fixed interest rate of 1% that is non-compounding and non-adjustable
- No requirement for collateral or personal guarantees
- No fees or prepayment penalties
- A five-year maturity (for those before June 5, 2020, it's two years; borrowers can ask their lender to extend to five years)
- Payments start once borrower knows how much of the PPP loan will be forgiven; lender will notify the borrower
- If borrowers do not apply for forgiveness, payments start 10 months after the last day of the covered period



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

PPP Loan Forgiveness

**Borrowers must apply for PPP loan forgiveness through their lender;
lenders submit lender forgiveness decisions to the SBA**

Updates per the Economic Aid Act

- EIDL Advances are no longer deducted from PPP loan forgiveness payment
- Expenses paid with PPP loan funds are federally tax deductible; **consult the IRS** for details on this
- Expanded forgivable expenses are permissible for any unforgiven PPP loan
- **New:** simplified forgiveness application for PPP loans \$150,000 and under

Per the CARES Act

- Forgiven PPP loans are not federally taxable income



SBA.gov/PPP

COVID-19 Economic Injury Disaster Loan (EIDL)

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

Economic Aid Act Extends Deadline to Dec. 31, 2021

- **Use of proceeds:** working capital and normal operating expenses such as continuation of health care benefits, rent, utilities, fixed debt payments
- **Terms:** 3.75% for businesses (fixed), 2.75% for nonprofits (fixed), 30 years, no pre-payment penalty; loans over \$25,000 secured by UCC filing (\$100 deducted from loan proceeds)
- **Eligibility:** qualified small businesses, cooperatives and agricultural enterprises with 500 or fewer employees (or defined as small per [sba.gov/sizestandards](https://www.sba.gov/sizestandards)), and private non-profits



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

New Program: Targeted EIDL Advance

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

New Program in the Economic Aid Act

- 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.



New Program: Targeted EIDL Advance

Items needed to verify eligibility and submit

- 2019 Federal Tax Return (recommended to have on hand when applying)
- EIN/SSN as specified in original EIDL application
- Monthly gross receipts for 2019, 2020, and completed months in 2021
- Confirm information in original EIDL application is still accurate (changes may require a manual review and documentation)
- Applicants that pass the initial eligibility requirements will be required to sign a 4506-T for the SBA to obtain tax transcripts before the agency can approve the Targeted EIDL Advance



New Program: Targeted EIDL Advance

Application Process

- Only one submission for each Targeted EIDL Advance can be made
- Carefully review the bank account information
- Ensure information submitted is 100% correct; due to limited Targeted EIDL Advance funds, the SBA will not be able to make reconsiderations
- SBA's goal is to process completed applications within 21 days; applications may not be considered complete until after IRS Form 4506-T is received
- **Application questions:** TargetedAdvance@sba.gov
- **If approved:** You will receive an email & ACH deposit to the bank account provided



New Program: Shuttered Venue Operators Grant

Applications not yet open; will need SAM.gov registration to apply

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
- Venue or promoter must not have applied for / received a PPP loan on or after Dec. 27, 2020



Cross Program Eligibility on Economic Aid

**** Certain criteria must be met for each program ****

→ Applicant for → ↓ Recipient of ↓	PPP	Shuttered Venue Operators Grant	COVID-19 Economic Injury Disaster Loan
PPP	First Draw PPP borrowers may be eligible to apply for Second Draw PPP loans	May apply for SVOG if received a PPP loan prior to 12/27/20	May apply for EIDL; PPP and EIDL can't be used for the same purpose/costs
Shuttered Venue Operators Grant	Not eligible to apply for PPP loan	May be eligible to receive a supplemental SVOG grant	May apply for EIDL; SVOG and EIDL can't be used for the same purpose/costs
COVID-19 Economic Injury Disaster Loan	May apply for PPP; EIDL and PPP can't be used for the same purpose/costs	May apply for SVOG; EIDL and SVOG can't be used for the same purpose/costs	The same business cannot apply for more than one EIDL



SBA-Backed Loan Debt Relief

Program for 7(a), 504 and Microloan Borrowers Only

- Assistance varies based on when the SBA-backed loan was approved and by type of loan (7(a), 504 and/or Microloan).
- Borrowers do not need to apply for this debt relief; the SBA provides it automatically.
- Letters have been distributed to eligible borrowers; a sample letter can be found at www.sba.gov/coronavirusrelief > Debt Relief > Sample Section 1112 Borrower Letter
- Contact your lender with debt relief questions



Key Takeaways

Loan Programs



Paycheck
Protection
Program
(PPP)



Debt Relief on
SBA 7(a), 504
and Microloans



Economic
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Local Resources

No-cost assistance with preparing financial statements, submitting loan and forgiveness applications, and small business recovery tools are available from any of SBA's Resource Partners:

Locate Partner: <https://www.sba.gov/local-assistance>

- Small Business Development Centers (SBDCs)
- SCORE
- Women's Business Centers (WBC)
- Veteran's Business Outreach Centers

Access the SBA Eastern Pennsylvania Resource Guide: [U.S. Small Business Administration Small Business Resource Guide Eastern Pennsylvania Edition 2020 \(sba.gov\)](#)

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Call: 610-382-3062



www.sba.gov/coronavirusrelief - all economic aid options

www.sba.gov/ppp - Paycheck Protection Program

www.sba.gov/svogrant - Shuttered Venue Operators Grant

Questions

