



CARES ACT - Supporting Hoosier Businesses and their Employees

Paycheck Protection Program (PPP) Loans

- The [program](#) provides \$350 billion of payroll support through 100 percent federally guaranteed loans through the 7(a) SBA loan program to employers who maintain their payroll during this emergency. If employers maintain their payroll, the loans will be forgiven, which will help workers remain employed, as well as help affected small businesses and our economy snap-back quicker after the crisis. These loans are available through June 30, 2020. To be eligible you must:
 - be a small business with less than 500 employees or meet the applicable [size standard](#) established by the North American Industry Classification System (NAICS). Sole proprietorships, independent contractors, and self-employed individuals also qualify.
 - be a 501(c)(3) and 501(c)(19) non-profit with 500 employees or fewer. More information on non-profits qualifications can be found [here](#).
 - be able to provide documentation verifying the number of employees on payroll and pay rates, including IRS payroll tax filings and State income, payroll and unemployment insurance filings.
- The maximum allowable loan under the PPP is \$10 million and is equal to 250 percent of your average monthly payroll costs during that time period. These loans are conditional in that business must retain their employees and payroll levels, 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 you need assistance applying for a loan under the PPP, please visit [here](#)

Small Business Debt Relief Program

- The Small Business Debt Relief Program provides 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.

Economic Injury Disaster Loans and Grants (EIDL)

- The CARES Act allows the SBA to provide grants in the form of an emergency advance of up to \$10,000 to small businesses and private non-profits harmed by COVID-19 within three days of applying for an SBA Economic Injury Disaster Loan (EIDL). In order to be eligible for an EIDL grant you must:
 - have 500 or fewer employees, be a sole proprietorship, be an independent contractor, be a cooperative or employee owned business, or a tribal small business.
 - To apply for an EIDL online, please visit <https://disasterloan.sba.gov/ela/>.

Entrepreneurial Development Programs

- The CARES Act provides grants and funding to offer training, counseling, and assistance to various small businesses affected by COVID-19 including:
 - \$240 million in grants to SBA resource partners such as [Small Business Development Centers](#) and [Women's Business Centers](#).
 - \$25 million in grants for resource partner associations to provide online information and training.
 - \$10 million in funding for the Department of Commerce Minority Business Development Agency's Minority Business Centers.
 - Allows federal grant funds appropriated to the State Trade Expansion Program ([STEP](#)) in FY2018 and FY2019 to remain available for use through FY2021.

Economic Stabilization Fund

- The CARES Act allocates \$500 billion to create an emergency reserve fund that the Secretary of the Treasury has the authority to use to provide loans and loan guarantees to businesses of all sizes, states, localities, and more.
 - \$46 billion of this is direct lending to passenger airlines
 - The remaining \$454 billion will be used by the Treasury to provide liquidity to shore up business lending and financial markets, including through a special bank-based program for companies that have between 500-10,000 employees.
 - These funds are not a bailout and all loans provided through the Economic Stabilization Fund must be repaid.
 - The CARES Act also provides oversight for entities utilizing these loans such as prohibiting buying back stocks, outsourcing jobs, and increasing executive severance packages or compensation.

IMPORTANT NOTE

Entities wishing to participate in any relief programs **should consult their financial institutions that manage their accounts before applying for any specific government programs or aid.** Participation in some of these programs can preclude businesses from participating in another, and their financial institutions will have more information about which programs could benefit them or their business most.

Tax Relief Provisions for Small Businesses

- Delays payment of Employer Payroll Taxes:
 - Allows taxpayers to defer paying the employer portion (generally 6.2%) 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).
 - Deferral of payroll taxes is NOT provided to employers receiving assistance through the PPP.
- Employee Retention Credit:
 - Provides 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.

- 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.
- This credit is available through December 31, 2020 and is NOT available to employers receiving assistance through the PPP.
- Net Operating Losses (NOL) Credit:
 - A NOL arising in a tax year beginning in 2018, 2019, or 2020 can be carried back five years, and the taxable income limitation is temporarily removed to allow an NOL to fully offset income.
- Fixes the Qualified Improvement Property (QIP) Credit:
 - This retroactive technical fix from the Tax Cuts and Jobs Act allows businesses to immediately write off costs associated with improving facilities.

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