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We're Here to Help

TouchTunes COVID-19 Help Webinar

March 14, 2020

Purpose

Provide you with an overview of some key components of the CARES Act that are relevant for small businesses

Help direct you how to apply for relief benefits from the Small Business Administration (SBA)

Provide you with valuable resource links that can provide more information and details

This webinar is provided for informational purposes only and should not be used or relied upon for any recommendation or advice with respect to any service or program.

You should consult your own legal, financial and other advisors.

CARES Act

The Coronavirus Aid, Relief, and Economic Security (CARES) Act (S. 3548) has been approved by Congress and signed into law.

The Act contains many important provisions focused on small businesses that provide funding to help prevent workers from losing their jobs and small businesses from going out of business

We will focus on 3 programs

- Paycheck Protection Program
- Employee Retention Tax Credit
- Economic Injury Disaster Loan Program

Paycheck Protection Program (PPP) Overview

The Paycheck Protection Program (“PPP”) authorizes up to \$349 billion in forgivable loans to small businesses to pay their employees during the COVID-19 crisis.

- 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.
 - Subject to a \$10 million cap
 - Payroll costs will be capped at \$100,000 annualized for each employee
 - If you are a seasonal or new business, you will use different applicable time periods for your calculation
 - It is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.

Paycheck Protection Program (PPP) Overview

The principle 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 (for those earning \$100K or less) are maintained.

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

PPP Loan Terms

- 1.00% fixed rate
- All payments are deferred for 6 months; however, interest will continue to accrue over this period.
- The program waives fees, the credit elsewhere test, and collateral and personal guarantee requirements.
- Loan is due in 2 years, but can be repaid earlier. There are no prepayment penalties or fees.

Your PPP loan principle will be **forgiven** if it is used for approved costs including payroll costs, mortgage interest, rent, and utilities payments over the 8 weeks after getting the loan (not more than 25% for non-payroll costs)

Applying for PPP

Who can apply?

- All businesses with 500 or fewer employees
 - Includes nonprofits, veterans organizations, Tribal business concerns, sole proprietorships, self-employed individuals, and independent contractors

When can I apply?

- **NOW!**
 - Small businesses and sole proprietorships could apply starting on April 3, 2020.
 - Independent contractors and self-employed individuals were able to apply starting April 10.

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
- Visit <https://www.sba.gov/paycheckprotection/find> for a list of nearby eligible lenders.

How to Apply for PPP

- Complete the short application form and submit with the required documentation to an approved lender **as soon as possible** but no later than June 30, 2020.

<https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Application-3-30-2020-v3.pdf>

- You will also need to provide your lender with payroll documentation.
- You do not need to first look for other funds before applying to this program. The SBA is waiving the Credit Elsewhere requirement.

PPP Application Documentation

You will need the following supporting documentation for your PPP application

- Payroll reports for 2019 and 2020 year to date showing the following by employee and/or officers
 - Gross wages
 - Paid time off
 - Paid vacation
 - Pay for family medical leave
 - State and local taxes (form 940, 941 or 944)
 - 1099's for any independent contractors
- Completed 2019 tax return or profit and loss report and balance sheet
- Documentation showing
 - Funding received from an economic injury loan since 1/31/20
 - Payments for group healthcare benefits paid in 2019 and 2020 ytd
 - Payment of any retirement benefits in 2019 and 2020 ytd

Using Your PPP Loan

How can PPP loans be used?

- Payroll costs, including benefits
- Interest on mortgage obligations, incurred before February 15, 2020
- Rent, under lease agreements in force before February 15, 2020
- Utilities, for which service began before February 15, 2020.

What counts as payroll costs?

- Salary, wages, commissions, or tips (capped at \$100,000 on an annualized basis for each employee)
- Employee benefits including costs for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payments required for the provisions of group health care benefits including insurance premiums; and payment of any retirement benefit;
- State and local taxes assessed on compensation
- For a sole proprietor or independent contractor: wages, commissions, income, or net earnings from self-employment, capped at \$100,000 on an annualized basis for each employee.

PPP Loan Certification

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. 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.
- You acknowledge that the lender will calculate the eligible loan amount using the tax documents you submitted.
- You affirm that the tax documents are identical to those you submitted to the IRS.
- And you also understand, acknowledge, and agree that the lender can share the tax information with the SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews.

PPP Loan Forgiveness

- Your PPP loan will be forgiven if you use the loan amount only for payroll costs, mortgage interest, rent, and utilities payments over the 8 weeks after getting the loan.
- However, you will owe money if you do not maintain your staff and payroll.
 - Your loan forgiveness will be reduced if you decrease your full-time employee headcount.
 - 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.
- You have until June 30, 2020 to restore your full-time employment and salary levels for any changes made between February 15, 2020 and April 26, 2020.
- How do I request loan forgiveness?
 - 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.
 - The lender must make a decision on the forgiveness within 60 days.

Employee Retention Tax Credit

The CARES Act provides a refundable tax credit for 50% of qualified wages, up to \$10,000 of wages per employee, paid from March 13, 2020, through Dec. 31, 2020. (50% of \$10,000 wages gives a maximum credit per employee of \$5,000.)

Eligibility

- Any employer (of any size) carrying on a trade or business during calendar year 2020, which (i) was partially or fully suspended due to government orders related to COVID-19, or (ii) experienced a significant (50%) decline in gross receipts.
- In addition to affected trades and businesses, organizations exempt from tax under section 501(c) are eligible

Not eligible

- [Businesses that receive a forgivable Paycheck Protection Program loan](#)
- Government and state entities and political subdivisions of such entities

Paid Leave Tax Credit

- The paid leave tax credit was established under the Families First Coronavirus Response Act (FFCRA). It lets employers who are required to provide [coronavirus paid leave](#) receive a tax credit for the amount of the paid leave wages.
- Although you can not claim both the PPP loan and the Employee Retention Credit, you can claim either **and** the FFCRA paid leave credit.

Economic Injury Disaster Loan Program

- Eligibility - Small businesses and non-profits (including faith-based) with fewer than 500 employees, sole proprietors, independent contractors
- Up to \$2 million working capital loan up to 30-year term
 - 3.75% (2.75% nonprofits)
 - Payments deferred up to 1 year
 - Loans based on credit scores; no tax returns required
 - Up to \$200,000 without a personal guarantee
 - No collateral for \$25,000 or less;
 - general security interest instead of real-estate for larger loans
 - \$10,000 emergency grant within 3 days that does not have to be repaid
 - Cannot cover same cost as Paycheck Protection Program
 - Apply through SBA at <https://covid19relief.sba.gov/#/>

Resources

Paycheck Protection Program

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-ppp>

Paycheck Protection Program Application

<https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Application-3-30-2020-v3.pdf>

Paycheck Protection Program Lenders

<https://www.sba.gov/paycheckprotection/find>

Economic Injury Disaster Loan Program

<https://covid19relief.sba.gov/#/>

TouchTunes

www.touchtunes.com/covid-19help

AMOA

<https://amoa.memberclicks.net/covid-19>

National Restaurant Association

<https://restaurant.org/Covid19>

Summary

Paycheck Protection Program

- Small Business 500 employees or less
- Forgivable loan to keep your employees on the payroll

Employee Retention Tax Credit

- Any size business
- Tax credit for 50% of payroll up to \$5,000 credit per employee.

Economic Injury Disaster Loan Program

- \$10,000 emergency grant, expanded loan program

[Apply Right Away](#)

The background features a diagonal split between a teal color on the left and a blue color on the right. A repeating pattern of white icons is visible, including a globe, a bar chart, a flower, a microphone, a skull, a hat, a cup, and a hand.

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Does PPP cover sick leave?

- The PPP covers payroll costs, which include employee benefits such as costs for parental, family, medical, or sick leave.
- However, the CARES Act expressly excludes qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act (FFCRA) (Public Law 116–127).
- Learn more about the FFCRA's Paid Sick Leave Refundable Credit online.