

SMALL BUSINESSES ONLY: COVID 19 TAX RELIEF

The Corona Relief, Aids, and Economic Security (CARES) Act that passed through legislation provides additional relief to small businesses (businesses with 500 or less employees). Listed below are key points to be aware of.

1. Paycheck Protection Program (PPP) – Loans that can be 100% forgivable if the funds are used for payroll costs, salaries, rent, utilities, or mortgage interest. The maximum that can be borrowed is 2.5 times a business's monthly payroll. An applicant must go through an SBA Lender in order to apply for this program.

2. Economic Injury Disaster Grant and Loan (EIDL) – A \$10,000 grant may be issued to businesses who have been harmed by COVID-19. In addition to the grant, businesses may apply for a loan up to \$2,000,000 that has an interest rate of 3.75% and a payback period of 30 years. An applicant must apply for the grant and/or loan through SBA directly. Business' may use both PPP and EIDL as long as the funds from each program stay separate. For example, funds from EIDL cannot be used to cover payroll costs since PPP is restricted to payroll costs, salaries, rent, utilities, or mortgage interest.

3. Small Business Debt Relief Program – Loans that provide immediate relief to businesses that don't already have disaster relief loans. These loans are long term and low interest, with deferments of paying any principal or interest for six months. A business may use PPP, EIDL, or this loan at the same time as long as the funds cover their respective expenses and are not comingled.

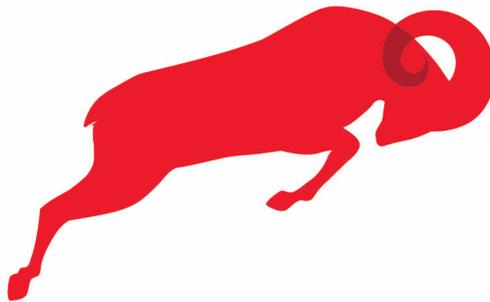
4. Employer Payroll Tax Credit – The Families First Coronavirus Response Act (FFRCA) made changes to the Department of Labor's paid sick leave and family medical leave applicability. To see these changes, please visit the [DOL's Website](#). These paid leave revisions allow employers to take a tax credit against employer's payroll tax. The tax credit is refundable and is based off of three components: (1) Emergency Paid Sick Time, (2) Emergency Medical and Family Leave, and (3) Qualified Health Plan Expenses.

5. Employee Retention Tax Credit – For businesses that's trade or service has been partially or completely diminished due to government orders, may be entitled to a credit against the employer's share of social security tax (FICA). If the employer continues to provide wages and compensation, the employer can take a credit of 50% of the wages

up to \$10,000 per employee. The paid sick and family medical leave referenced above do not count as compensation. The Employee Retention Tax Credit is not available to employer's who participate in PPP.

6. Deferment of Payroll Taxes – Employer's are eligible to defer their share of social security tax paid over the following two years. The deferment dates will be split on two dates, with 50% being due by December 31, 2021 and the remaining 50% being due by December 31, 2022. The Deferment of Payroll Taxes is not available to employer's who participate in PPP.

There are several other provisions to the CARES Act that can help employers navigate through the difficult time our nation is facing. Should you have any questions or concerns, please do not hesitate to contact a tax advisor.



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