



# ANILES & Co.

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## CPA Firm

### **CARES Act: Quick Guide and FAQ**

**March 30, 2020**

#### **-Individuals: If adjusted gross income is**

- \$75K or less for singles, will receive \$1200 plus \$500 per dependent
- \$150k or less per couple will receive \$2400 plus \$500 per dependent
- or \$112,500 or less if head of household will receive \$1200 plus \$500 per dependent

Will be based on 2019 Tax Returns, if filed, or 2018 returns if 2019 has not been filed. Payments will be direct deposited into the account provided in your return.

#### **7A (Forgivable Loans)/Paycheck Protection Plan**

- Loan amounts will be calculated based on 8 weeks of prior payroll plus 25% up to \$10,000,000
  - Will be calculated on the average 12 months as of the application date and includes sick leave and health care
- Loan Payments will be deferred for six months and up to twelve months
- Will be guaranteed by SBA, no guarantee required by owner
- No collateral is required
- If workforce levels are maintained in the 8 weeks subsequent to receiving the loan, SBA will forgive the portion of the loan used for payroll, rent, mortgage interest, or utilities. Up to 100% of the loan is forgiven and will not be counted as income to you.
- Maximum interest rate is 4%
- Loan term is up to 10 years
- Must maintain the same average of employees for the first eight weeks beginning on the origination date of the loans as compared to 2/15/2019-6/30/2019 or 1/1/2020-2/15/2020 to be eligible for forgiveness
- You will be not penalized of layoffs or payroll levels are adjusted by June 30<sup>th</sup> 2020.

Eligibility



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- All businesses including non-profits, sole proprietorships, self employed individuals, and independent contractors with 500 or fewer employees.
- Have to be in operation before February 15, 2020
- Documentation required includes Tax returns and financial statements
- Salaries will be capped at \$100k per employee
- \$350 Billion available

Apply at an SBA Lender, list is here

<https://www.sba.gov/sites/default/files/articles/Lender List AZ website 2019.pdf>

### **Economic Injury Disaster Loans and Loan Advance**

- Loan amount up to \$2,000,000
- Advance up to \$10,000 funded within 3 days and does not have to be repaid
- Interest rate is 3.75% for small businesses and 2.75% for non profits and up to 30 year amortization
- No personal guarantees on loans below \$200,000
- Can not be used to refinance other debt or for expansion
- Real estate collateral is not required and will take a general security interest in the business.
- Requirement that you be unable to obtain credit elsewhere is waived
- No loan fees, application fees, guarantee fees or prepayment fees.

### Eligibility

- Required to be in business by January 31, 2020 to qualify
- Applicants must establish that the claimed economic injury is substantial and is a direct result of the declared disaster. Substantial economic injury generally means a decrease in income from operations or working capital resulting in the business's inability to meet its obligations and pay ordinary and necessary operating expenses in the normal course of business
- Approved solely on credit score, no repayment ability or tax returns are required

Apply directly through <https://covid19relief.sba.gov/#/>



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<https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>

### **Employee Retention Credit**

- Allows Employers to claim credit against applicable employment taxes in an amount up to 50% of wages paid between March 12<sup>th</sup> 2020 and January 1, 2021 up to \$10k per employee
- Valid for any quarter where operations were suspended due to governmental orders requiring closure or limiting gatherings or had a significant decrease in revenues as compared to prior year corresponding quarter
- Not eligible for this credit if receiving a loan under the Payment protection plan

### **Delay of Payment of Payroll Taxes**

- Payment of employer's share of payroll taxes from March 27, 2020 through the end of 2020 to be deferred. 50% due by December 31<sup>st</sup> 2021 and the second half due December 31<sup>st</sup> 2022.
- Will not qualify for this deferment if obtaining a loan under the Payment protection plan

