

CARES Act Breakdown

The Coronavirus Aid, Relief, and Economic Security (CARES) Act allocated \$350 billion to help small businesses keep workers employed during the COVID-19 pandemic.

BPA member organizations and contractors may wish to take advantage of several provisions included under the CARES Act. This document is designed to answer questions about the programs and whether your business is eligible to participate.

BPA is providing this information for general guidance only. This information does not constitute the provision of legal advice, tax advice, accounting services, human resources advice, or professional consulting of any kind. Before making any decisions, you should seek direction from your trusted business advisors.

Is my business eligible to take advantage of the stimulus funds available?

You are eligible if you are:

- A small business with fewer than 500 employees
- A small business that otherwise meets the SBA's size standard
- A 501(c)(3) with fewer than 500 employees
- An individual who operates as a sole proprietor
- An individual who operates as an independent contractor
- An individual who is self-employed who regularly carries on any trade or business
- A Tribal business concern that meets the SBA size standard
- A 501(c)(19) Veterans Organization that meets the SBA size standard

Note

The 500-employee threshold includes all employees, full-time, part-time, and any other status. This includes includes "all souls", not full time equivalents – that means that two employees that each work half time do NOT equal one employee. They should be counted as 2.

What does the Economic Injury Disaster Loan cover?

Small business owners in all U.S. states and territories are currently eligible to apply for low-interest Economic Injury Disaster Loans (EIDL) of up to \$2 million that can provide vital economic support to help overcome the temporary loss of revenue due to the COVID-19 response. Applicants may request an advance in the amount of \$10,000 to be delivered within three days of the request. This advance must be used to:

1. Provide sick leave to employees unable to work due to the effects of COVID-19;
2. Maintain payroll to retain employees;
3. Cover increased costs of materials due to interrupted supply chains;
4. Make rent or mortgage payments; or
5. Repay other obligations that cannot be met due to revenue losses.

SBA at 1-877-475-2435, or email 7aquestions@sba.gov.

What does the Paycheck Protection Program cover?

Small and medium-sized businesses (with fewer than 500 employees) are also eligible to apply for SBA's Paycheck Protection Program. This special lending program is not provided through SBA directly, so the first step to qualifying for one of these loans is to find an SBA-approved lender in your community. Your lender can guide you through the application process and determine which of the program's loan products will work best for your business. This loan is partially convertible to a grant under certain conditions, which means a portion may not have to be paid back. No personal guarantees or collateral are required.

Allowable uses of these loans include:

- Payroll costs
- Certain costs related to the continuation of group health care benefits
- Employee salaries (including commissions or similar)
- Mortgage, rent, and utilities payments; and
- Interest on any other debt obligations that were incurred before the covered period.

What types of loans are available for home and building performance contractors?

There are two special lending programs that will be administered by the Small Business Administration.

1. [Economic Injury Disaster Loans \(EIDL\)](#)
2. [the Paycheck Protection Program \(PPP\)](#)

if there are different uses of proceeds for each loan. View a comparison of loans [here](#).

How much can I borrow?

Loans can be up to

2.5 x

the borrower's average monthly payroll costs and are not to exceed

\$10 million

For more information on how to calculate your average monthly payroll costs, [click here](#).

Can the PPP loan be forgiven?

A borrower is eligible for loan forgiveness equal to the amount the borrower spent on the following items during the 8-week period beginning on the date of the origination of the loan:

- Payroll costs (using the same definition of payroll costs used to determine loan eligibility)
- Interest on the mortgage obligation incurred in the ordinary course of business
- Rent on a leasing agreement
- Payments on utilities (electricity, gas, water, transportation, telephone, or internet)

What else can I do as a business owner to take advantage of the CARES act?

- If you own a company that has been impacted by the Coronavirus, you may be able to defer certain payroll tax payments.
- The CARES Act made changes to FMLA and other sick leave regulations, so be sure to check with your human resource expert.
- If bankruptcy is an option that you are considering, please check with your lawyer and financial advisor, as the CARES Act also made amendments to the Chapter 11 bankruptcy code.

What can I do as an individual to take advantage of the CARES act?

- If you hold student loans, you may be able to suspend payments until Sept 30.
- CARES allows for up to \$300 in charitable contributions that you don't have to itemize in order to claim the deduction.
- If you are of a certain age where you are required to take a minimum distribution from your retirement plan, but are hesitant to do so because of market losses, talk to your tax advisor. The CARES Act has lowered the minimum required distributions for a limited time.

What should I do if I already have an SBA backed loan?

Check with your lender, as the **CARES Act** may have modified (either temporarily or permanently) some of the terms of your existing loan to assist with your company's cash flow.

What other borrowing methods are available?

You may have the opportunity to make a limited withdrawal from your qualified retirement plan without incurring the tax on early distributions.

The rules around how much you can borrow from certain qualified retirement plans have changed and you may be able to borrow more now.