

## CARES ACT TAX BENEFITS AND LOANS FOR BUSINESSES

The programs and initiatives in the Coronavirus Aid, Relief, and Economic Security (CARES) Act that was just passed by Congress are intended to assist business owners with whatever needs they have right now. To keep up-to-date on when these programs become available, please stay in contact with your local Small Business Administration (SBA) District Office (<https://www.sba.gov/local-assistance/find/>).

### **PAYCHECK PROTECTION PROGRAM (PPP) LOANS**

The program provides cash-flow assistance through 100 percent Federally guaranteed loans to employers, who maintain their payroll during this emergency. **If employers maintain their payroll, the loans would be forgiven.** This will help workers remain employed and help affected small businesses and our economy snap-back quicker after the crisis. Some of the allowable use of loan proceeds include: payroll cost, rent, utilities, and interest on debt obligations. Loans are available through June 30, 2020. For details, contact your local SBA lender.

### **ECONOMIC INJURY DISASTER LOANS & EMERGENCY ECONOMIC INJURY GRANTS**

These grants provide 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). To access the advance, you first apply for an EIDL, then request the advance. The advance does not need to be repaid under any circumstance. It may be used to keep employees on payroll, to pay for sick leave, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent and mortgage payments. **SBA resource partners are available to help guide you through the application process. Contact your local SBA lender.**

### **EMPLOYEE RETENTION CREDIT (\$2301)**

For employers who either do not, or cannot, participate in the PPP, one alternative is the employee retention credit. Qualified employers are allowed a credit against applicable payroll taxes for each calendar quarter in the amount equal to 50% of the qualified wages that are paid to each employee (not to exceed \$10,000). Qualified employers must have had either their operations fully or partially suspended due to COVID-19, or experienced gross receipts declines by 50% or more compared to the same calendar quarter the prior year. If your business has more than 100 full-time employees, "qualified wages" are those paid to employees when they are not able to work. If your business has fewer than 100 full-time employees, then employee wages qualify for the credit, whether or not the employee is working.

### **DELAY OF PAYMENT OF EMPLOYER PAYROLL TAXES (\$2302)**

Employers are allowed to defer their 6.2% share of the social security tax that they are otherwise responsible for paying. This deferred tax will instead be paid in two parts. The first half will be due December 31, 2021 and the second half will be due December 31, 2022.

**There are other benefits that Congress has extended to businesses, irrespective of size.**

### **REFERENCES**

Small Business Administration (SBA) - <https://www.sba.gov/>

Department of the Treasury: <https://home.treasury.gov/>

AutoCare Association: <https://www.autocare.org>

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