

Optimize the Value of Emergency Loans and Tax Benefits for Businesses

In response to the dire economic impact of the COVID-19 pandemic, federal legislators have introduced sweeping programs meant to provide emergency funds and tax relief to businesses, not-for-profits, and other qualifying organizations.

Millions of dollars in loans, grants and tax breaks and deferrals are available to help maintain operations and staff levels during this crisis. But be aware that there are strict guidelines for the use of funds, which affects forgiveness terms, and not all programs are combinable.

	SBA LOANS		TAX PROVISIONS		
	Economic Injury Disaster Loan (EIDL)	SBA 7(a) CARES Act Loan aka "Paycheck Protection Program" (PPP)	Families First Coronavirus Response Act (FFCRA) Credits	CARES Act Employee Retention Credit	CARES Act Employer Tax Payment Deferral
About	CARES Act provided updates to standard SBA EIDL loans.	New loans to help small organizations maintain staff and continue operations.	Tax credits to help businesses pay for expanded medical leave under FFCRA.	Tax credits to help businesses pay for expanded medical leave under FFCRA.	Tax deferral of certain employee taxes.
Eligibility	Small businesses, NFPs and other orgs. with >500 employees.	Small businesses, NFPs and other orgs. with >500 employees.	Small businesses, NFPs and other orgs. with >500 employees.	Employers shut down by government order or with <50 percent reduction of gross receipts.	All employers.
Amounts	Up to \$2,000,000 \$10,000 immediate advance within 3 days of applying.	Up to \$10 million, or 2.5 times the average monthly payroll costs.	Payroll tax credit equal to 100% of emergency paid sick leave, capped at either \$2,000 or \$5,110/employee, and 100% of expanded FMLA, capped at \$10,000/employee.	Refundable payroll tax credit equal to 50% of qualifying wages paid to employees, plus related healthcare costs, capped at \$5,000/employee.	Deffered payment of the employer portion of Social Security tax (6.2%) that would otherwise be due December 31, 2020.
Uses	Working capital for payroll, accounts payable, and fixed debt payments during crisis.	Must be used to retain workers, maintain payroll or make mortgage, rent and utility payments.	n/a	n/a	n/a
Terms	3.75% APR for businesses 2.75% APR for NFPs Interest is deferred for 12 months but accrues.	Low interest rates and terms up to 10 years with no personal guarantee or collateral required. Payments deferred 6-12 months.	Payroll tax credits increased by employer's share of Medicare tax, FMLA, and payments to maintain group health plan.	Emergency paid sick leave and FMLA wages paid under the FFCRA are not eligible for this credit.	50% of the deferred amount due before December 31, 2020 with any remaining amount paid on or before December 31, 2022.
Forgive	\$10,000 advance is forgiven.	Up to 8 weeks of average payroll and other costs will be forgiven if business retains employees and salary levels. No more than 25% can be used for non-payroll expenses.	n/a	If requirements are met no repayment of credit or refunds required.	If tax deposits are made on schedule, no penalty is imposed.



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For assistance with loan applications or applying for tax benefits, reach out to MGO Tax Partner Seth Schwartz: SSchwartz@mgocpa.com