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## **COVID-19 RESOURCES FOR BUSINESSES**

### **Tax Provisions**

[IRS Covid-19 Webpage](#)

**Employee Retention Tax Credit:** a refundable payroll tax credit equal to 50% of employee's wages on the first \$10,000 of compensation, including health benefits. The credit is limited to wages paid or incurred from March 13, 2020 to Dec. 31, 2020. This credit is also limited to employers whose businesses were fully or partially suspended due to COVID-19, or whose gross receipts declined by more than 50% when compared to the same quarter last year. It also does not apply to small businesses taking a loan under the Paycheck Protection Program.

- [IRS Overview](#)
- [IRS FAQs](#)
- [IRS Advance Payment Form](#)

**Deferral of the Payroll Tax Payments for Employers:** Employers can delay the payment of their 2020 payroll taxes (6.2% of FICA taxes) until 2021 and 2022, leading to approximately \$300 billion of extra cash flow for businesses.

**Modification of Net Operating Loss Carryback:** Businesses can carry back net operating losses (NOLs) from 2018, 2019, and 2020 to the previous 5 years, which will allow businesses access to immediate tax refunds.

**Acceleration of corporate AMT credits:** The corporate alternative minimum tax (AMT) was repealed as part of the *Tax Cuts and Jobs Act*, but corporate AMT credits were made available as refundable credits over several years, ending in 2021. The bill accelerates the ability of companies to recover those AMT credits, permitting companies to claim a refund now and obtain additional cash flow during the COVID-19 emergency.

**Reducing the cost of capital:** The provision temporarily increases the amount of interest expense businesses are allowed to deduct on their tax returns, by increasing the 30-percent limitation to 50 percent of taxable income (with adjustments) for 2019 and 2020. As businesses look to weather the storm of the current crisis, this provision will allow them to increase liquidity with a reduced cost of capital, so that they are able to continue operations and keep employees on payroll.

**Encourages Businesses to Invest in Improvements:** The bill would fix cost recovery for investments in Qualified Improvement Properties, which will allow businesses that made these investments in 2018 and 2019 to receive tax refunds now.

## **Small Business Administration (SBA)**

The SBA's **Paycheck Protection Program (PPP)** 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, which would help workers remain employed, as well as help affected small businesses and our economy snap-back quicker after the crisis.
- PPP has a host of attractive features, such as forgiveness of up to 8 weeks of payroll based on employee retention and salary levels, no SBA fees, and at least six months of deferral with maximum deferrals of up to a year.
- Small businesses and other eligible entities will be able to apply if they were harmed by COVID-19 between February 15, 2020 and June 30, 2020. This program would be retroactive to February 15, 2020, in order to help bring workers who may have already been laid off back onto payrolls.
- Loans are available through June 30, 2020.

Resources:

- [Top-line overview of the program](#)
- [Information for lenders](#)
- [Information for borrowers](#)
- [Application for borrowers](#)

Background: Congress created this temporary program as part of the CARES Act.

The SBA's **Economic Injury Disaster Loan (EIDL) program** provides small businesses with working capital loans of up to \$2 million that can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing.

- In response to the (COVID-19 pandemic, small business owners are eligible to apply for an EIDL advance of up to \$10,000. The loan advance will provide economic relief to businesses that are currently experiencing a temporary loss of revenue. Funds will be made available within three days of a successful application, and this loan advance will not have to be repaid.

Background

- As part of the first phase of COVID-19 legislation, during the first week of March, Congress appropriated \$20 million for SBA administrative expenses to provide an estimated \$7 billion in these low-interest disaster loans to small businesses
- The process by which a state becomes eligible for SBA disaster loan assistance is through a Governor's request and formal certification of business impact. SBA Field Operations staff and state Emergency Management divisions work through this process together to support the official disaster declaration request. On March 19, the SBA declared the state of New York as an economic disaster, opening up the EIDL program to New York small businesses.

The **SBA Debt Relief program** will provide a reprieve to small businesses as they overcome the challenges created by this health crisis. Under this program:

- The SBA will also pay the principal and interest of new 7(a) loans issued prior to September 27, 2020.
- The SBA will pay the principal and interest of current 7(a) loans for a period of six months.

The SBA **[Express Bridge Loan Pilot Program](#)** allows small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 with less paperwork.

- These loans can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing and can be a term loan or used to bridge the gap while applying for a direct **[SBA Economic Injury Disaster loan](#)**.
- If a small business has an urgent need for cash while waiting for a decision and disbursement on an Economic Injury Disaster Loan, they may qualify for an SBA Express Disaster Bridge Loan.
- Find an Express Bridge Loan Lender by connecting with a **[local SBA District Office](#)**.

Resources:

- **[Covid-19 dedicated SBA webpage](#)**
- **[Small Business Development Centers](#)**
- **[SBA Size Standards](#)**
- **[SBA Lender Finder](#)**

### **Additional Emergency Relief**

- **\$454 billion for loans, loan guarantees, and investments** in support of **[lending facilities established by the Federal Reserve](#)** for the purpose of providing liquidity to businesses, states, or municipalities through purchasing obligations or other interests directly from issuers of such obligations or other interests.
- The CARES Act **cut red tape** to ensure that banks have room to provide the resources and flexibility that businesses need.