

Comparison of COVID-19 Loan Programs – Forgiveness Terms

Businesses can utilize multiple loans or programs, but cannot use proceeds for duplicative purposes.

Loans	Payroll Protection Program (PPP)	Economic Injury Disaster Loans (EIDL)
Who?	- Generally less than 500 employees across all locations - Restaurants/Franchises per location - Some businesses with more than 500 employees. Check here. - Note special rule for affiliation - Does include: certain non-profits, veterans organizations, tribal organizations, independent contractors and self-employed individuals	- Generally less than 500 employees across all locations - Some businesses with more than 500 employees. Check here. - Does include: certain non-profits, independent contractors and self-employed individuals
What?	- Loan - Can Be Used For: payroll (wages ≤ \$100,000 and other limitations), interest payments on mortgage, rent or lease payments, utility payments - Value: 2 months of average payroll + 25%, capped at \$10 million - Covered loan period 2/15/20 – 6/30/20 - Loan repayment due within 2 years - Interest and principal payments deferrable for first 6 months - Payments must begin within 1 year - Loan participation disqualifies use of employee retention tax credit and social security tax deferral program	- Loan - Can Be Used For: working capital - Value: Based on amount of economic injury, capped at \$2 million - Loan repayment up to 30 years - Covered loan period 1/1/20 – 12/31/20 - Refinance option in to PPP loan
Forgiveness Terms	- Loan forgiveness if DO NOT reduce workforce or wages paid. - Prorated forgiveness if workforce reductions or wage reductions - Loan forgiveness = the sum of the following costs and expenses during the 8-week period after the loan was made: - Payroll; - Interest payments on mortgage; - Rent or lease payments; and - Utility payments	\$10,000 forgivable loan advance - Can Be Used For: providing sick leave to employees, payroll, increased costs to obtain materials, rent or mortgage payments, and repaying obligations that cannot be met due to revenue losses. - Borrower not required to repay even if EIDL is denied
Where?	- SBA 7(a) Approved Banks and Credit Unions - Documentation will be necessary to establish payroll and eligibility Application Form	- SBA Apply online - Other documentation needed: IRS Form 4506-T: https://www.irs.gov/pub/irs-pdf/f4506t.pdf; personal financial statement; a schedule of liabilities; a copy of your most recently filed Federal income tax return; additional information may be required depending on individual circumstances.
More Information	US Chamber Small Business Guide to PPP US Treasury Overview Borrower Q&A	SBA Overview SBA Power point Summary US Chamber Guide to EIDL

Comparison of COVID-19 Loan Programs – Flexibility Enhancements

Businesses can utilize multiple loans or programs, but cannot use proceeds for duplicative purposes.

Programs	Medium Sized Economic Stabilization Loans	Employee Retention Tax Credit
Who?	500 to 10,000 employees	- Private businesses in operation during 2020, that either: - Fully or partially suspend operation because of a governmental order during any calendar quarter in 2020 due to COVID-19; or - Experiences a significant decline (50%) in gross receipts during the calendar quarter. - Does include: certain non-profits - Does NOT include: self-employed individuals
What?	- Loan - Must Be Used For: Retain 90% of workforce at full wages and benefits through/by September 30, 2020; or - Must Be Used For: Restore 90% of workforce as of February 1, 2020 at full wages and benefits within 4 months after termination of the COVID-19 emergency as determined by the Department of Health and Human Services - Value: To be determined - Loan repayment up to 5 years	- Refundable tax credit 50% of qualified wages paid to employees from March 1, 2020 to January 1, 2021. - Max qualified wages for all calendar quarters is \$10,000, maximum credit for qualified wages paid to any employee is \$5,000.
Flexibility Enhancements	- No interest or principal payments for 6 months - No buybacks of dividend payments through life of loan - No outsourcing or offshoring of jobs for life of the loan and 2 years after - Cannot abrogate collective bargaining for term of the loan and 2 years after - Remain neutral in any union organizing for term of the loan	Tax credit is applied against payroll taxes
Where?	Banks and Credit Unions in partnership with the US Treasury and Federal Reserve	Form 941, Employer Quarterly Federal Tax Return
More Information	US Chamber Summary of CARES Act Senate Section by Section Summary of CARES Act	IRS Overview US Chamber Summary