

Meeting: 03/31/2020

Disclaimer: This document/event includes Heyer & Associates EA PA and Apollo Payroll LLC's anticipated questions/concerns for our valued customers, business owners, navigating the CARES Act in correlation to other existing Acts/Laws. We've done our best to research ahead of time for today forum, but we realize you have additional questions. Today's forum will be recorded.

<https://www.heyerinc.com/covid-19-updates>

<https://apollopayroll.com/covid-19-updates>

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Topics:

- a) State of Florida Disaster Loan
- b) Economic Injury Disaster Loan (EIDL)
- c) Paycheck Protection Program (PPP)
- d) Families First Coronavirus Response Act (FFCRA)
- e) Payroll Tax Deferral (Employee Retention Credit)
- f)
- g) Recommendations

1. **State of Florida: Disaster Loan**, <https://floridadisasterloan.org/> Applications will be accepted by qualified for-profit, privately held small businesses that maintain a place of business in the state of Florida. All qualified applicants must have been established prior to March 9, 2020, and suffered economic injury as a result of the designated disaster. Qualified small business applicants must be an employer business with 2 to 100 employees.
 - **Amount:** Up to \$50,000 per eligible small business. Loans of up to \$100,000 may be made in special cases as warranted by the need of the eligible small business.
 - **Term:** 1 year.
 - **Limitation:** Only one loan may be made per eligible business. All previous bridge loans received MUST be paid in full.

- **Interest Rate:** Loans will be interest-free for the loan term (1 year). The Interest rate will be 12% per annum on the unpaid balance thereafter, until the loan balance is repaid in full. Loan default is subject to a normal commercial collection process.
- **Application Period:** Applications will be accepted by qualified Florida small businesses under this program through May 8, 2020, contingent on the availability of funds.

2. **Economic Injury Disaster Loans (EIDL's):** All small businesses, non-profits, sole proprietors and independent contractors operating within a declared disaster area can apply for loans of up to \$2 million, with an interest rate of 3.75% and a maximum term of 30 years. Loans under \$200,000 do not require any personal guarantee. In addition, applicants can request emergency cash grants of up to \$10,000, payable within three days, to cover business costs such as providing paid leave, maintaining payroll, increased supply costs, mortgage or lease payments, or repaying debts that cannot be met due to revenue losses. **These advances must be used for authorized costs, but do not need to be repaid, whether the EIDL loan is approved or not.**

- <https://www.sba.gov/page/disaster-loan-applications>
- This is the fastest way to get cash
- If you need and or want funds to get through the next few months, please apply for this
- If you apply whether you are accepted or denied you will receive UP TO \$10,000 immediately to help you get through this time. "Within 3 days" of submitting an application, but we know it will take longer than that.
- You can apply regardless of whether you have any other SBA Loan
- You can apply even if you apply for the PPP (Paycheck Protection Plan)
- You can apply and get some funds and then go back in a few months and get more if it is necessary
- If your EIDL application is approved, contact us before accepting the loan proceeds (NOTE: The co-mingling of EIDL & PPP loan proceeds might prevent the PPP from being 100% forgiven).
- Payments will not be due for 6-12 months
- Terms are 3.75% from 10 to 30 years.
- You can apply on SBA website now

3. **Paycheck Protection Program (PPP):** This is a new type of loan guaranteed by the SBA, providing emergency non-recourse loans of up to 2.5 times your monthly average payroll expenses, up to a maximum of \$10 million with an interest rate of 4%. No personal guarantee or collateral is required. Fees, principal, and interest will be deferred for 6 to 12 months. **Loan amounts used to cover 8 weeks' worth of payroll costs, mortgage interest, rent, or utility payments will be forgiven**, so long as the business continues paying employees at normal levels for eight weeks.

- Contact Bank, Commercial Lenders

- It is NOT necessarily a loan, it is more like a “GRANT”
- There is no collateral or personal guarantee requirement
- You can receive 2.5 X your average monthly payroll (based on 12 months prior to loan). On payroll amounts up to \$100,000 per employee.
- Payroll Costs: Salary, wage, commission, cash tips, PTO, healthcare benefits, retirement benefits & payroll taxes, independent contractors are included in payroll costs.
- If you keep all your staff – as far as we can tell, you do NOT HAVE TO PROVE ECONOMIC HARDSHIP in order to get the loan forgiven.
- If you get the \$10,000 from the EIDL, those funds count as part of the forgiveness.
- If you initially laid off your workforce, but want to apply for these SBA loans, you can still do that, you just need to hire the employees back before June 30, 2020.
- Do NOT hire people back until you get these funds. It could take a month or so before you get them.
- Loan forgiveness is calculated as such:
 - Amounts paid in the 8 weeks STARTING on the date of the origination of the loan: payroll, interest on mortgage, rent, utilities, tipped wages, commissions, health insurance, retirement benefits of employees, etc.
 - Reduced if there is a reduction in the NUMBER of employees (FTE) (compared to 02/15/2019 – 06/30/2019 or 01/01/2020 – 02/20/2020, borrower elects the period compare to) OR a reduction greater than 25% in the wages paid to employees (compared to the most recent full quarter).
- If you don’t qualify for forgiveness, the funds will be repaid in 10 years and no more than 4%.
- If you need funds asap, apply for EIDL
- If you are a woman or minority owned business, make sure you note it on your application, as the SBA lenders have been instructed to make these a priority.

4. ONLY FOR BUSINESSES THAT ARE CURRENTLY OPERATIONAL AND OPEN: Families First Coronavirus Response Act (FFCRA): Dollar for dollar reimbursement, for the cost of providing Coronavirus-related leave to their employees. Effective April 2, 2020 – December 31, 2020.

- 2 weeks, up to 80 hours, of paid sick leave at 100% of the employees pay where the employee is unable to work because, the employee is quarantined, and/or experiencing COVID-19 symptoms, and seeking a medical diagnosis.
 - *Eligible Employers may receive a refundable sick leave CREDIT for sick leave at the employee’s regular rate pay, up to \$511 per day and \$5,110 in the aggregate, for a total of 10 days.*
- 2 weeks, up to 80 hours, of paid sick leave at 2/3 the employees pay, for an employee who is UNABLE to work because of a need to care for an individual subject to quarantine, to care for a child whose school is closed or child care provider is unavailable for reasons related to COVID-19.
 - *Eligible employers may claim a credit for 2/3 of the employee’s regular rate of pay, up to \$200 per day and \$2,000 in the aggregate, for up to 10 days.*

- 10 weeks, in addition to the two weeks above, of paid sick leave at 2/3 the employees pay, for an employee who is unable to work because of a need to care for a child whose school or child care facility is closed or whose child care provider is unavailable due to the Coronavirus.
 - *Eligible employers may claim a credit for 2/3 of the employee's regular rate of pay, up to \$200 per day and \$10,000 in the aggregate. Up to 10 weeks of qualifying leave can be counted towards the child care leave credit.*
- **Small businesses with fewer than 50 employees** will be eligible for an exemption from the leave requirements relating to school closings or child care unavailability where the requirements would jeopardize the ability of the business to continue.

5. Payroll Tax Deferral

The CARES Act generally provides for a deferral mechanism for the employer portion of any Social Security taxes for the period beginning on March 27, 2020 and ending before January 1, 2021 (the “Payroll Tax Deferral Period”). Under the CARES Act, (i) 50% of the employer portion of any Social Security taxes for the Payroll Tax Deferral Period are generally deferred until December 31, 2021 and (ii) the remaining amount of the employer portion of any Social Security taxes are generally deferred until December 21, 2022.

The CARES Act states that the deferral of the employer portion of Social Security taxes generally does not apply if the employer had any loan authorized by the Small Business Act forgiven under the CARES Act

Recommendations:

- Post FFCRA Poster in Office (required)
- Order Labor Poster to Post in office (required) - <https://apollopayroll.com/client-resources/labor-poster>
- Order Human Resources subscription, \$50 per month – email, support@heyerinc.com and subject header “HR Subscription”

Notes:

- PPP vs Employee Retention Tax:

EIDL is the first order, the PPP is second order, if SBA runs out of money and you can't get a PPP, or you don't apply in time, etc., THEN...the other credits are a section best option: Employee Retention Credit & Payroll Tax Credit. But first order of businesses would be SBA Loans and particularly the PPP Loan.