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CARES ACT UPDATE



CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT INDIVIDUAL TAX PROVISIONS

Late on March 25, 2020, the US Senate released the final tax of the CARES Act, the third Coronavirus related Bill and much needed stimulus package. The Bill passed the House and signed into law by the President on March 27th.

At this time, we want to stress to our clients that so far, all that has been done is the passage (*eventual*) of the law. We still need to get regulations issued to help define the key questions and details of the law along with guidance from Federal agencies on the mechanics of claiming these benefits. As more information is released, we will share with you and begin to help you navigating (*along with your team and other providers, such as payroll processors*) navigate these waters to get the necessary assistance for you.

2020 RECOVERY REBATES FOR INDIVIDUALS

The “headline” provision for individual taxpayers relates to individual rebates, scheduled to be distributed as early as two weeks from today. These rebates are for \$1,200 for a single individual and \$2,400 for married couples, with an additional \$500 per child under 17. There is no rebate amount for other dependents, such as children in college or elderly parents that you may claim as a dependent.

The rebate checks are advance payment of a tax credit for your 2020 tax return. The amount of the initial payment is determined as follows:

- a. 2019 Federal Income Tax Return (if filed)
- b. 2018 Federal Income Tax Return
- c. Form 1099-SSA (if no return filed)

Only those with a valid social security number and who are not claimed as a dependent on another return.

The payments have a phase out for **Adjusted Gross Income (AGI)** above a certain amount – \$75,000 for single, \$112,500 for Head of Household and \$150,000 for Married Filing Joint. For each \$100 above these thresholds, your

advance payment is phased out by \$5. This means that for single taxpayers with no children the benefit phases out totally at \$99,000 and for Married at \$198,000. The maximum phaseout levels get higher as a taxpayer has more children. Again, to emphasize, this initial payment is based on your 2019 return if filed, or on your 2018 tax return if not filed. The Washington Post has developed this calculator to assist curious taxpayers.

At this time, we are unaware as to when the Treasury will query the data for this payment. Given that most returns take about a week+ to get processed, any taxpayer that has not yet filed will likely be getting the rebate based on their 2018 data. We have no official notice or confirmation of this, but if more information becomes available, we will update.

Per the Presidential press briefing on March 25th, 2020 and other press interviews, the IRS expects payments to go out within 2-3 weeks. Further, the IRS will be required to contact taxpayers at their last known address within 15 days as part of the Act and undertake a public information campaign.

As we noted in the above, this payment coming out is the initial payment of a tax credit for a taxpayers 2020 return. When filing their 2020 returns, taxpayers will have to “reconcile” this payment based on their 2020 income and dependents. Any underpayment (*e.g. because of a new child born in 2020, a loss of income in 2020*) will be treated as a refundable credit when filing your 2020 return.

Any advance refunds of credit (the initial payments) shall be accounted for as part of this reconciliation, as the 2020 credit “shall be reduced (but not below zero).” This is important to note, as based on the law and common interpretation, any overpayment because of using 2018 or 2019 data that would otherwise make you ineligible for 2020 will NOT be required to be repaid. To note, IRS Regulations could potentially make this interpretation incorrect, but that is not expected at this time.

SPECIAL RULES FOR USE OF RETIREMENT FUNDS

As a general rule, above all we would like to advise clients to only tap retirement funds as a last resort. However, the CARES act allows taxpayers to draw up to \$100,000 for Coronavirus related purposes without incurring the 10% penalty for early distributions. Further, any income tax due will be spread over 3 years and any recontributions of this amount, within 3 years is allowed and will be treated as a rollover and not subject to tax.

A Coronavirus related distribution is

1. A diagnosis of COVID-19
2. Spouse or dependent with a diagnosis of COVID-19
3. Experience of adverse financial consequences as a result of a quarantine, furlough, lay off, hour reduction or lack of child care inhibiting work.

Employees will be required to certify to these circumstances.

TEMPORARY WAIVER OF REQUIRED MINIMUM DISTRIBUTIONS

The CARES Act waives the requirement for taxpayers over the required age (72 in 2020 per the SECURE Act) to take a required minimum distribution from their retirement plan.

ALLOWANCE FOR “ABOVE THE LINE” CHARITABLE CONTRIBUTION

The Act allows for a new, up to \$300, “above the line” charitable donation deduction. This is available only for taxpayers who do not itemize their deductions.

MODIFICATION OF LIMITS ON CHARITABLE GIVING

Taxpayers are generally, per the TCJA, limited to 60% of their Adjusted Gross Income, for contributions to public charities. This limit has been lifted for 2020, allowing for up to 100% of AGI to be covered by Charitable Giving. This increase is limited to organizations as described in Section 170(b)(1)(A), which means generally public charities like churches, educational organizations and other 501(c)(3) organizations. A private foundation is generally not going to be eligible unless it is a Private Operating Foundation. There is a specific exclusion for the establishment of a new or maintenance of an existing donor advised fund.

This stimulus bill brings a lot of interesting and important changes for individual taxpayers.



CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT BUSINESS TAX PROVISIONS

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EMPLOYEE RETENTION CREDIT FOR EMPLOYERS

One of the major provisions for employers that are trying to weather this storm, from a tax perspective, is this **Employee Retention Credit (ERC)**. In a broad sense, the law is providing a credit against the applicable employment taxes (*6.2% Social Security Tax only!*) for 50% of the qualified wages of each employee of an employer for each calendar quarter.

Qualified wages are capped at \$10,000 for all quarters, on a per employee basis. At this point, there have been multiple interpretations seen in the media and in senate materials; however, our and the most common interpretation is that the cap is on wages, and the credit is for 50% of these wages, making the maximum credit \$5,000.

The credit can offset applicable employment taxes (*the employer's 6.2% social security tax*) in any calendar quarter in which the credit is earned. Any amount in excess of this tax is treated as an overpayment and is therefore refundable to the taxpayer.

The credit is designed to help keep employees on payroll during this shutdown and would fully cover 50% of wages (*including amounts paid for insurance*). Senator Toomey said this "*is exactly equivalent to a 50 percent cut in their payroll. That is going to enable a lot of medium and large businesses to retain their workforce.*"

The ability to claim these credits depends first on if you are an eligible employer, meaning the following:

1. The employer must have carried on a trade or business during the calendar year 2020, AND
2. For each quarter, the trade or business is either
 - a. *Fully or partially suspended due to orders from an appropriate governmental authority limiting commerce, travel OR*
 - b. *Gross receipts are less than 50% during the same quarter in the prior year. This period continues until gross receipts for a calendar quarter are greater than 80% of gross receipts of the prior year quarter.*

For eligible employers (*who should be nearly everyone*), the next key factor will be the number of full-time employees (*determined in the same manner as ACA calculations*).

EMPLOYERS WITH LESS THAN 100 EMPLOYEES

For employers with less than 100 employees, all wages during any such period above are considered qualified wages, regardless of if the employee is able to provide services or not.

EMPLOYERS WITH MORE THAN 100 EMPLOYEES

For employers with more than 100 employees, qualified wages are limited to wages paid to employees who were unable to provide services as a result of condition a. or b. above.

The regulations and forms for this specific credit will be crucial to understanding and confirming this interpretation of how this credit functions. They will also be very crucial in helping to understand recordkeeping requirements, documentation and certifications needed and other key issues. Until these are released, we will be in a holding pattern. As more information is released, such as regulations or forms & mechanisms used to claim these credits, we will be able to advise and act & plan on these provisions and work with payroll processors to claim these credits.

The passed law includes that any credits belong to the company itself and not to a Certified PEO, similar to credits for increasing R&D Credits. Hence, being on a PEO will not preclude any taxpayers from taking advantage of this credit.

Per the Joint Tax Committee Report, this credit is effective for wages paid after March 12, 2020 thru December 31, 2020.

It is also important to note that this credit will not be available for any taxpayer who takes any Small Business Interruption loan.

A final, and somewhat underpublicized & interesting note is that the law allows for the issuance of regulations that will allow for an advance payment of this credit. As more details on this potential advance payment become available, we will share.

DELAY OF PAYMENT ON EMPLOYER PAYROLL TAXES

The CARES act provides a temporary liquidity measure by allowing for the deferral of applicable payroll taxes (the 6.2% employer Social Security liability). 50% of the amount is due on December 31, 2021 and 50% of the amount is due on December 31, 2022. There will likely be additional forms and regulations related to how to pay these forthcoming, as well as work to do with payroll processors to implement.

Employers who work via a Certified PEO relationship will also be eligible for this deferral. The business will have to direct the PEO to defer payment; the mechanism of this will likely need to be covered between you and your processor. We are sure they will be diligent on the communication of this, and we will work to assist accordingly.

Additionally, Self-employed taxpayers can defer 50% of any related Self-employment tax (SECA) due between the enactment of the CARES Act and December 31, 2020. This deferment includes the deferment of any estimated tax payment, as there will be no estimated tax penalty for this amount.

Any Trust Funds are held harmless per the statute, which should mitigate any trust fund recovery penalty concerns.

Very important to note: any taxpayer that takes out a payroll protection loan will not be eligible for this deferral.

MODIFICATION OF NET OPERATING LOSSES

The TCJA changed the rules relating to **Net Operating Losses (NOLs)**, which eliminated the ability for taxpayers to carry back NOLs to the preceding 2 prior years and then to carry forward the loss for up to 20 years and use as an offset of 100% of taxable income. The current law does not allow for carrybacks and provides that a maximum of 80% can be used in any year as a carryforward.

The CARES Act amends Section 172 (*which governs NOLs*) to allow losses from 2018, 2019 and 2020 to be carried back for up to 5 years, and any losses carried to 2019 or 2020 will be allowed to offset up to 100% of income.

It is important for both individual and corporate taxpayers to use the NOL rules under Section 172, which combined with other sections, may allow for pass-through entity owners to claim NOL carrybacks.

MODIFICATION OF BUSINESS LOSSES FOR NON-CORPORATE TAXPAYERS

Another TCJA change was to limit the total amount of business losses available for individual taxpayers. Under this TCJA change, a business loss was limited to \$250,000 (*\$500,000 if married*) per year, with any additional amounts treated as a Net Operating Loss going forward.

CARES Act amends this IRS Code Section to allow unlimited business losses from 2018, 2019 and 2020, which, combined with the above NOL provisions, can provide refunds for taxpayers of prior taxes. As the change is retroactive to 2018 and 2019, any losses in those years can also be used to potentially accelerate those refunds via amendments if filed or filing the current return and a claim for an NOL carryback (*which will probably take some time to implement the reporting, appropriate forms and tax software updates*).

BUSINESS INCOME INTEREST LIMITATION

A final TCJA change that has been updated is on the business interest income limitation. As part of the tax reform, businesses were limited on their interest deduction to approximately 30% of their EBITDA if they were above a certain level of gross receipts (*average of \$25 million*) over the prior 3 years.

Under the CARES Act, this limitation is raised to 50% for 2019 and 2020 and allows for an election to use 2019 income in place of 2020 income (*as 2020 may be a loss for many businesses*). If your business is below the receipts level or has significant business investment income, these provisions will not provide much assistance.

EXPANSION OF EMPLOYEE TUITION PROGRAMS TO INCLUDE STUDENT LOANS

Under current IRS Law, Section 127 allowed for educational assistance programs which could pay for employee's college tuition, up to \$5,250 per year, so long as it was provided to all employees and in a non-discriminatory manner. These programs are for the employee only and do not apply to the dependents of the employee.

For 2020 only, employers can make payments for employee student loans (*for the education of the employee*) under these programs, which are fully deductible for the employer but not considered income for tax purposes of the employee.

TECHNICAL CORRECTION REGARDING QUALIFIED IMPROVEMENT PROPERTY

As part of the 2017 Tax Reform, the TCJA changed certain classes of property into one combined class called "*Qualified Improvement Property*," which is for an improvement of the interior of a nonresidential (*commercial*) property, so long as it is not an enlargement of the building, the internal structural framework, elevators or escalators or building systems (*HVAC, fire suppression, alarms*).

During the drafting of the TCJA, this property was intended to have a 15-year class life (*meaning depreciated over 15 years*); however, a drafting error excluded this provision. The net result was that this property was not eligible for 100% bonus depreciation but was eligible for Section 179 expensing. However, Section 179 depreciation can only be used up to certain limits and cannot create a loss above business income. As such, some taxpayers would have been better served to use bonus depreciation to reduce taxable into a loss or were otherwise ineligible to use Section 179 depreciation.

This correction updates the tax law to reflect the 15-year life effective as of January 1, 2018, as if it were always there. Any taxpayers who were unable to fully depreciate leasehold improvements should consider amending 2018 or filed 2019 returns to take advantage of this expanded depreciation.

CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT BUSINESS LENDING & GRANT PROVISIONS

Later on March 25, 2020, the US Senate released the final tax of the CARES Act, the third Coronavirus related Bill and much needed stimulus package. The Bill passed the House and signed into law by the President on March 27th.

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PAYCHECK PROTECTION PROGRAM LOANS

The major lending provision to help small businesses in the CARES Act comes in the form of the new Paycheck Protection Program loans. These loans are being offered as an expansion under the existing SBA 7(a) loan programs, but luckily, on an expedited basis to businesses. Based on the size of the appropriation and its terms, this will be the most popular facility for businesses to access capital during the COVID-19 outbreak.

WHAT ARE PAYCHECK PROTECTION PROGRAM LOANS?

A PPP Loan is a new loan program that is designed to help small businesses during this outbreak and related economic effects maintain payroll and certain other fixed costs. The loans are 100% backed by the SBA and will be originated through existing SBA Lenders, such as your current bank.

WHAT IS A "COVERED LOAN"? WHAT IS THE PERIOD FOR THESE LOANS?

A covered loan is a loan made during the period of February 15, 2020 – June 30, 2020 under this program.

WHAT ARE THE TERMS OF THIS LOAN?

These loans are for a maximum of the following:

- a. 2.5 times total average monthly payroll costs incurred in the one-year period before the loan is made, OR
- b. \$10,000,000

The loans will have a maximum term of 10 years and a rate of 4%. The loans will offer a forgiveness component related to amounts spent during the initial 8 weeks of the loan. The permissible uses of the loans are as follows:

- a. Payroll Costs
- b. Rent/lease payments
- c. Payments of interest on mortgage obligations
- d. Utilities
- e. Interest on debt costs

It is important to note that permitted uses only cover the interest on debt obligations, not the principal. Uses of this loan for nonpermitted purposes may change the recourse obligation to the owners. Care should be taken for any recipient of this loan to only use for permitted purposes.

WHAT ARE PAYROLL COSTS?

Per the laws definition, payroll costs are:

- a. Salary, wage, commission or similar compensation
- b. Payment of cash tip or equivalent
- c. Payment for vacation, parental, family, medical or sick leave
- d. Allowance for dismissal or separation
- e. Payment required for group health care benefits
- f. Payment of any retirement benefits
- g. Any State or Local Tax assessed on compensation
- h. Payments of any compensation of a sole proprietor or independent contractor that is net earnings from self-employment.

These payroll costs are limited to salary (or in the case of contractors, payments) of up to \$100,000 per year. Any amount above these are ineligible.

Additionally, payroll taxes (FICA) do not appear to be included as a covered payroll cost. The text of the bill refers to Chapter 24 of the Internal Revenue Code, which deals with withholding at the source. It is unlikely, however that the PPP will only cover net payroll. We will keep an eye out for this in the regulations that follow.

WHO IS ELIGIBLE FOR THESE LOANS?

The CARES Act has increased both the eligibility and decreased the requirements to obtain these loans. The following are eligible for these PPP Loans:

- a. "Small Business Concerns," meaning a business that is independent owned and operated, not "dominant" in its field of operation and not exceeding the relevant business size. Generally, most small businesses will be considered this.
- b. Any business concern – so even if you are ineligible per the above, so long as other criteria (below) are met, a business is eligible.
- c. Nonprofit organizations – which for this specific program, refers to an organization that is described in Section 501(c)(3) and is exempt under Section 501(a). This should cover most nonprofit organizations.
- d. Veterans organizations & tribal concerns.

The above entities are ONLY eligible for these loans if they employ less than 500 employees or less than the "applicable size standard" per SBA regulations for the business NAICS code, whichever is greater. Said another way, these loans are allowed for any of the above organizations that have 500 or fewer employees. If an organization has more than 500 employees, but is below the SBA published standard size, they may be eligible as well. It is important to note that sole proprietors and independent contractors are also eligible for these loans but may have slightly different documentation requirements.

WHERE AND HOW DO BUSINESSES APPLY FOR THESE LOANS?

Unlike with traditional SBA loans, these PPP loans will be generally available from whatever banking institution you currently use for your primary relationship. If your current bank does not offer these loans, we will leverage our network to find a lender that can provide these loans for you.

As of right now, the SBA and banks are currently working on a beta test of an online lending platform to allow for rapid approval and application on these loans. There is currently no application available, however, based on public comments and information within the law, it is expected that the application process will be relatively simple and straightforward.

CONSIDERATION FOR GETTING THESE LOANS

The CARES Act provides that lenders will have a delegated authority to make these loans, and that the following are used for consideration for eligibility for these loans:

- a. Was the business in operation by February 15, 2020?
- b. Did the business have employees to whom salaries and payroll taxes were paid?

Additionally, borrowers will be required to self-certify, as part of the lending process:

- a. A Good Faith Determination that the loan is necessary because of economic uncertainty as a result of the COVID-19 outbreak.
- b. Acknowledgment that the funds will only be used for permitted purposes.
- c. The borrower is not receiving this loan and another SBA Loan (Economic Injury Disaster Loans) for the same uses during the period (February 15, 2020 to December 31, 2020)

Unlike other SBA programs, there will be NO personal guarantee or collateral required. Owners, members, officers, or shareholders have NO recourse on these loans, except for cases where the proceeds were used on nonpermitted purposes. Additionally, the SBA will make these loans without regard to the "Credit Elsewhere" requirement, which typically requires the SBA to function as a lender of last resort. There will be no fees for the borrower to apply, all fees will be paid directly to financial institutions by the SBA, depending on loan size.

We are eagerly awaiting more guidance from the SBA and lenders as to what documentation will be necessary for these loans. Our anticipation is that you will need to provide some proof of prior payroll costs and calculations as to the maximum amount allowable. In addition, lenders will have forms to sign for the certifications.

LOAN DEFERMENTS

The program allows for a deferment of up to 1 year, but not less than 6 months, on any payments of interest and principal. There will be more regulations forthcoming on these provisions. It is due and expected within 30 days of the passage of the CARES Act.

LOAN FORGIVENESS

One of the most popular provisions of this program is the loan forgiveness. In summary, the loan proceeds that are used within 8 weeks of the origination of the loan are eligible for forgiveness, subject to the following

- a. *The loan proceeds are used for permitted purposes (except for non-mortgage debt interest).*
- b. *The loan recipient maintains a certain salary level for staff, subject to limits*
- c. *The loan recipient maintains a certain number of full-time equivalent employees.*

The forgiveness will **NOT** be considered taxable income.

CALCULATION OF THE LOAN FORGIVENESS

Loan forgiveness will be allowed for the following uses of the loans incurred and paid within 8 weeks of loan origination.

- a. *Interest on a mortgage originated prior to February 15, 2020*
- b. *Lease or rent in place prior to February 15, 2020*
- c. *Utility payments for the following which were in place prior to February 15, 2020:*
 - a. *Electricity*
 - b. *Gas*
 - c. *Water*
 - d. *Transportation*
 - e. *Telephone*
 - f. *Internet Access*
- d. *Payroll Costs (not in excess of \$100,000 per employee, prorated).*

The limit of the forgiveness is calculated as follows:

- a. *The loan amount*
- b. *A reduction for number of employees*
- c. *A reduction for the salary and wages*

Reduction for number of employees is based on the number of **Full Time Equivalent Employees (FTEEs)** in a prior period (*either per month from February 15, 2019 to June 30, 2019 or January 1, 2020 to February 29, 2020*) in ratio to the number of FTEEs per month in the 8 week covered period.

The number of FTEEs is divided by the number of base FTEEs, and will be used to only reduce the payment amount, not increase. The act says the FTEEs will be calculated by the average number of FTEEs per pay period. No guidance was given on how FTEEs will be determined yet; given other references in the CARES Act, it is likely the calculation will be similar to the ACA calculations but this is not confirmed.

The reduction for salaries and wages is calculated by a straight reduction in excess of 25% for any employee salary during the 8-week period. So, by example, if an employees wages are reduced by 20% (*can either be as part of a plan or because of lack of supplemental wages like commissions*), there is no reduction; however, if the employee reduction is 27%, the forgiveness will be reduced by 2%, (27% - 25%). As the wages are limited to \$100,000, any such employee that earns more than this in an annualized rate of pay is excluded from this reduction.

The above reductions can be mitigated by a rehire to FTEE levels or salary by June 30, 2020, if the reductions occurred between February 15, 2020 and 30 days after the enactment of the CARES Act (*assumed to be April 27, 2020, if the act is passed and signed by March 27, 2020*).

APPLICATION FOR LOAN FORGIVENESS

Borrowers will be required to submit to lenders an application for the loan forgiveness. The application (*not released or prepared as of yet*) will require the following information.

- a. *Documentation verifying number of FTEEs and pay rates, including payroll tax filings*
- b. *Documentation, including cancelled checks, receipts, transcripts of accounts or other documents for payments on covered mortgage applications*
- c. *A certification from the company that the data provided is true and the amounts were used for permitted purposes of forgiveness*
- d. *Other documentation as required by the SBA, to be determined.*

The regulations will be key in determining the timing and manner of providing this information, as well as individual applications and forms from banks. For now, we wanted to highlight what future information may be necessary. Lenders will be required to issue a decision on forgiveness within 60 days of the application.

The regulations for the loan forgiveness are expected within 30 days of passage of the act.

INTERACTIONS WITH OTHER CARES ACT PROVISIONS

Any recipient of these loans under the CARES Acts will NOT be eligible for either the employee retention credit or the deferral of payroll taxes as allowed under the business tax provisions.

EXPANSION OF THE SBA DISASTER LOAN PROGRAM

In addition to the new Payroll Protection Program, the SBA has also expanded the **Economic Injury Disaster Loan (EIDL)** program. This expansion includes

INCREASE IN ELIGIBLE ENTITIES

Eligible entities now include businesses with 500 or fewer employees, sole proprietorships, cooperatives with less than 500 employees, ESOPs with less than 500 employees and tribal small business concerns.

CHANGES IN LOAN PROGRAM

The CARES Act will allow for the following changes in the EIDL program

- a. *Waiver of a personal guarantee on loans for \$200,000 or less under the EIDL.*
- b. *Waiver of the "1 year in business" prior to disaster requirements.*
- c. *Waiver of the "Credit Elsewhere" requirement, which would look at traditional underwriting standards of the business and financial resources of owners.*
- d. *Allow for faster turn around time by allowing the approval of loans solely on the credit score of the applicant, not requiring any tax returns, and "appropriate alternative" procedures to determine ability to repay.*

The EIDL are still loans that the SBA will want to see a full ability to repay. Based on prior SBA guidance, the expected turn around time is between 21 – 45 days on these loans.

The program is also expanded to allow for an emergency advance of up to \$10,000. The grants are granted via a self-certification, and these grants are to be provided within 3 days of application. Any advanced emergency grants received are **NOT** required to be repaid if the recipient does not qualify for the Economic Injury Development Loan. Any grant received under this program will be a direct reduction on any amount of Loan Forgiveness.

No indication was given whether other SBA required forms under the EIDL will be required for these loans. The above says that loans will not require tax returns as required here, so perhaps that step may be skipped, but it may take some time for SBA systems to be updated for these requirements, time which many business owners may not have.

INTERACTION BETWEEN THE PPP LOANS AND THE EIDL LOANS

As noted, and for emphasis, a business **CANNOT** apply for both a PPP Loan and an EIDL for the same expenses. This will generally mean that business can only apply for one or the other. However, a few key notes:

1. *An EIDL can be refinanced by a PPP Loan, meaning any current EIDL loans related to COVID-19 in process or disbursed can be refinanced.*
2. *An EIDL, per the most recent SBA guidance, has a 21-45 day turnaround time vs PPP Loans are expected to be "rapid" turnaround of 1-3 days when up and running.*
3. *EIDL program has an underwriting component and is not fully guaranteed, like the PPP loans. The EIDL are not eligible for any loan forgiveness.*
4. *EIDL can cover certain expenses not covered by the PPP Loans, including:*
 - a. *Increased Supply Chain Costs*
 - b. *Accounts Payable and Bills*
 - c. *Repaying Debts that cannot be repaid*

A viable strategy for many businesses may be to apply for an EIDL to cover the above expenses and request the emergency grant (*which should only be used for the above expenses*), and then apply for the PPP Loan when available for other expenses. The businesses are under no obligation to accept an EIDL if offered, and the expanded flexibility may be useful for businesses. We would advise keeping the requests below \$200,000 to avoid any personal guarantees.

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