

# Which COVID Loans or Tax Credits Are Right For My Business?

Updated: May 8, 2020

## STEP 1: DETERMINE YOUR NEEDS

I need...	Programs to consider...
To quickly meet short-term operating expenses	<ul style="list-style-type: none"> <li>&gt;&gt; EIDL</li> <li>&gt;&gt; Emergency EIDL Grants</li> <li>&gt;&gt; PPP</li> </ul>
Debt relief for a pre-existing SBA 7(a) loan product	<ul style="list-style-type: none"> <li>&gt;&gt; Small Business Debt Relief</li> </ul>
To preserve my employees' salaries	<ul style="list-style-type: none"> <li>&gt;&gt; EIDL</li> <li>&gt;&gt; Emergency EIDL Grants</li> <li>&gt;&gt; PPP</li> <li>&gt;&gt; Employee Retention Tax Credit</li> </ul>
Financial help to comply with the Families First Coronavirus Response Act	<ul style="list-style-type: none"> <li>&gt;&gt; Families First Coronavirus Response Act Tax Credit</li> </ul>

## STEP 2: GET TO KNOW THE PROGRAMS

Program Name	Who is it for?	How much relief is available to me?	What are the interest rates and repayment terms?	How do I apply?
<p>Economic Injury Disaster Loans (EIDL)</p> <p>Loans that can be used to pay fixed debts, payroll, accounts payable and/or other bills that can't be paid due to the epidemic's economic impact.</p>	<p>Small Businesses</p> <p>Certain Non-Profit Organizations</p> <p>Sole Proprietors and Independent Contractors</p>	<p>Up to \$2 million in assistance for each affected small business.</p>	<p>Small Business – 3.75%</p> <p>Non-Profit – 2.75%</p> <p>Maximum 30-year repayment timeline with a one-year deferment on the first payment.</p> <p>EIDLs are not eligible for loan forgiveness.</p>	<ol style="list-style-type: none"> <li>1. Apply through the SBA's website <a href="#">here</a>.</li> <li>2. Apply in person at a <a href="#">Disaster Recovery Center</a>.</li> <li>3. Request an application by phone by calling 1-800-887-8339 or TTY (800) 887-8339.</li> </ol>

Program Name	Who is it for?	How much relief is available to me?	What are the interest rates and repayment terms?	How do I apply?
<p>Emergency EIDL Grants</p> <p>Grants that can be used for payroll costs, increased material costs, rent or mortgage payments, or repaying obligations that cannot be met due to economic losses due to the coronavirus outbreak.</p>	<p>Entities that are eligible for and applied to an EIDL.</p>	<p>Up to \$10,000.</p>	<p>This grant does not need to be repaid, even if the SBA EIDL is ultimately denied.</p>	<p>Apply directly with your SBA case manager after submitting your EIDL application.</p>
<p>Small Business Debt Relief</p> <p>Debt relief that covers six months of all principal, interest, and fees on all pre-existing SBA 7(a) loan products.</p>	<p>Current SBA 7(a) loan recipients.</p> <p>Note: PPP loans are not eligible.</p>	<p>Six months of all principal, interest, and fees.</p> <p>For loans on deferment, the six months of payment will begin with the first payment after the deferral period.</p>	<p>N/A</p>	<p>Contact your lender.</p>
<p>Paycheck Protection Program (PPP)</p> <p>Loans designed for small businesses to preserve employees' salaries.</p>	<p>Small Businesses</p> <p>Certain Non-Profit Organizations</p> <p>Sole Proprietors and Independent Contractors</p>	<p>Up to 250% of the employer's average monthly total payroll costs incurred during the year prior to the loan date.</p> <p>Payroll costs exclude any cash compensation made in excess of \$100,000 for any employee. Non-cash compensation exceeding the cap of \$100,000, such as health benefits, can be included as total payroll costs.</p> <p>Total loans are capped at \$10 million dollars.</p>	<p>Maximum interest rate of 1% and a maximum maturity of 2 years.</p> <p>Lenders are required to provide complete payment deferment on the loan for at least six months and a maximum of one year.</p>	<p>Apply by June 30th, 2020, with an eligible SBA lender.</p>
<p>Small Business PPP Loan Forgiveness</p> <p>Forgiveness for loaned funds that paid for total payroll cost; any interest on any covered mortgage obligation; and any payment on any covered rent (or leasing) and utility obligations.</p>	<p>Entities that have applied to and signed loan papers for a PPP Loan.</p>	<p>The maximum eligible amount is the sum of the costs paid during an eight-week period, which begins on the date the lender makes the first disbursement. The government limits to up to 25% for non-payroll costs.</p>	<p>N/A</p>	<p>Apply by June 30th, 2020, with your PPP lender.</p>

Tax Credits			
Program Name	Who is it for?	How much relief is available to me?	How do I receive the credit?
Families First Coronavirus Response Act Tax Credits	Private employers with less than 500 employees (i.e. firms with 500 employees are exempt).	\$10,000, in addition to the amount of the employer's share of Medicare taxes imposed on those wages.	This grant does not need to be repaid, even if the SBA EIDL is ultimately denied.  If you do receive the grant, it will count towards the total amount of the EIDL loan.
Employee Retention Tax Credit	The credit is available to employers whose: (1) operations were fully or partially suspended, due to a crisis related shut-down order; or (2) gross receipts declined by more than 50 % when compared to the same quarter in the prior year.	A refundable tax credit of up to \$5000/employee, based on a 50% credit for the first \$10,000 of qualified wages per employee, including health benefits.	Employers report qualified wages/credits for each calendar quarter on Form 941. In anticipation of the credits, employers can fund qualified wages by accessing federal employment taxes deposited at the IRS or by requesting an advance.  Note: Employers receiving this tax credit are not eligible for PPP loans.

### Combining Programs

If you want to combine programs, check out the “Which Small Business COVID-19 Programs Can I Combine?” guide at the AALU/GAMA COVID-19 Action Center for guidance.

## STEP 3: ACCESS DETAILED RESOURCES

Head to AALU/GAMA's COVID-19 Action Center for:

- >> In-depth policy analysis
- >> Additional quick reads on individual programs
- >> Live and recorded webinars with experts

Learn more at: [www.aalu.org/covid-19-action-center](http://www.aalu.org/covid-19-action-center).