

## The CARES Act – Five Ways Businesses Can Receive Cash Right Now *(as of 4/3/2020)*

	<b>Economic Injury Disaster Loans (EIDF)</b>	<b>The Paycheck Protection Program (PPP)</b>	<b>Payroll Tax Deferral (PTD)</b>	<b>Employee Retention Credit (ERC)</b>	<b>Credit Support Relief (CSR) for Large Businesses</b>
<b>Key Features</b>	<ul style="list-style-type: none"> <li>Low interest Federal loans (3.75% for businesses, 2.75% for not-for-profits) up to \$2 million dollars, with maximum maturity of 30 years.</li> </ul>	<ul style="list-style-type: none"> <li>Non-recourse forgivable loans at up to 1% interest and maximum 2-year maturity.</li> <li>Loan forgiveness, if proceeds are used for payroll, rent, mortgage interest, utilities, etc.</li> <li>Forgivable amount must be spent within 8 weeks of the date of the loan.</li> <li>Maximum loan amount equal to 2.5 X average monthly payroll over prior 12 months (\$100,000 salary limit per employee).</li> <li>No taxable income recognition upon the debt relief.</li> <li>Access additional provisions <a href="#">here</a>.</li> </ul>	<ul style="list-style-type: none"> <li>Defers due date of employer portion of payroll tax liability incurred from 3/27/20 to 12/31/20.</li> <li>Available to businesses and sole proprietors.</li> <li>Applies to payroll tax liabilities incurred from March 27, 2020 through December 31, 2020.</li> <li>50% of deferred tax liability becomes due on 12/31/2021, remaining 50% due 12/31/2022.</li> <li>No interest or penalties will be charged, and no limits or caps on amount.</li> </ul>	<ul style="list-style-type: none"> <li>Cash payment equal to 50% of employee wages, up to \$5,000 per employee.</li> <li>Takes the form of refundable payroll tax credit.</li> <li>Not available if PPP relief is obtained.</li> <li>For employers averaging 100 or fewer employees in 2019, all qualified wages are included.</li> <li>For employers averaging more than 100 employees during 2019, there are restrictions on what constitutes qualified wages.</li> </ul>	<ul style="list-style-type: none"> <li>Non-forgivable loan issuance at the discretion of the Treasury, no maximum amount.</li> <li>Rates and specific terms negotiable, with maturities not to exceed 5 years.</li> </ul>
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>Must qualify as a “small business” under Small Business Administration (SBA) guidelines as modified by the CARES Act.</li> <li>Generally, under 500 employees and not a prohibited business, e.g., an investment fund.</li> <li>Proceeds can be used for payroll, rent, utilities or mortgage interest.</li> <li>No need to demonstrate direct virus induced hardship.</li> </ul>	<ul style="list-style-type: none"> <li>Must demonstrate adverse impact on the business such as staffing challenges or reduction in sales and/or customers.</li> <li>Independent contractors do not count for purposes of loan calculation, as they may apply for a loan of their own.</li> <li>Other requirements similar to the EIDL eligibility.</li> <li>Employee headcount must be maintained.</li> </ul>	<ul style="list-style-type: none"> <li>No requirement of direct adverse effect from the coronavirus.</li> <li>Not available if PPP relief is obtained and is coupled with debt forgiveness.</li> </ul>	<ul style="list-style-type: none"> <li>Requires full or partial shut- down of the business, or 50% reduction of gross receipts.</li> </ul>	<ul style="list-style-type: none"> <li>Targets businesses that do not qualify under SBA guidelines.</li> <li>Certain imitations with respect to dividend payouts, stock buybacks and compensation levels.</li> </ul>
<b>How to Apply</b>	<ul style="list-style-type: none"> <li>Application is made directly to the SBA.</li> <li>Electronic application available online.</li> </ul>	<ul style="list-style-type: none"> <li>Loan applications are made directly to and administered by approved SBA 7(a) lenders.</li> </ul>	<ul style="list-style-type: none"> <li>No application required, amounts reflected within quarterly Form 941 payroll filings.</li> </ul>	<ul style="list-style-type: none"> <li>No application required, amounts reflected within quarterly Form 941 payroll filings.</li> </ul>	<ul style="list-style-type: none"> <li>Awaiting specific guidance.</li> </ul>

If you have questions about how this information applies to your situation, please connect with a member of the PKF Texas team. Visit [PKFTexas.com/COVID-19](https://www.pkftexas.com/COVID-19) for the latest updates.