



The Coronavirus Aid, Relief, and Economic Security Act (CARES)

On March 27, 2020, the US Congress passed and President Trump signed into law the CARES Act. This \$2 trillion aid package contains several programs designed to help businesses, primarily small businesses (defined as less than 500 employees). The text of the bill can be found [here](#).

This summarizes key program elements and provides links to the federal government department and agencies. BP is providing this summary for your information. Details, specific rules and eligibility requirements can be found on the links below.

[Funding availability for the program may change over time and businesses should check with their bank and financial advisors regularly to get the most up to date information.](#)

Small Business Administration (SBA)

Paycheck Protection Program

- \$349 billion loan program: provides forgivable loans with no personal guarantee or collateral required - modeled after the SBA 7(a) program.
- Can be used to: retain workers, maintain payroll, make mortgage/lease payments and pay utilities.
- No loan can exceed \$10 million and businesses with credit elsewhere can apply.
- Maximum loan amount covers monthly payroll costs for 2½ months but excludes individual compensations above \$100,000 a year.
- Program is retroactive - loans are available to companies who have been harmed by COVID-19 starting on February 15, 2020. Loan offerings expire on June 30, 2020.

Eligibility: Businesses – including sole proprietorships, self-employed individuals, and independent contractors described in the Small Business Act – with 500 or fewer employees.

Applications administered by SBA, through banks and credit unions.

<https://www.sba.gov/funding-programs/loans/lender-match>.

Economic Injury Disaster Loans (EIDL)

- \$10 billion to SBA EIDL program: provides grants up to \$10,000 and loans up to \$2 million to small businesses in all states.
- Grants up to \$10,000 available within three days of applying to support operating costs
- Can also apply for Paycheck Protection but \$10,000 can't be forgiven because of double dipping rules.

- Loans have a 3.75% interest rate for small businesses – not to exceed 4% - and loan term maximum is 30 years.

Eligibility: independent contractors, private non-profits, tribal small businesses, sole proprietorships (with or without employees), cooperatives and employee owned businesses, most non-profits of any size, and small business/agricultural cooperatives that meet [SBA size requirements](#).

Further information and program rules: <https://disasterloan.sba.gov/ela/Information/EIDLLoans>

Existing SBA Loan Coverage

- \$17 billion for SBA non-disaster loans: covers six months of payments for small businesses with existing SBA backed businesses loans.
- Total relief from payments for existing and new applicants, though collateral is required.
- New applicants have six months from the signing of the legislation to apply through SBA’s Lender Match Portal, with six months of relief for both principal and interest

Further information and program rules:

<https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources#section-header-2>

Middle Market Loan Facility

- Allows banks to provide loans to businesses and nonprofits with 500-10,000 employees
- No more than 2% interest rate
- No interest for first 6 months
- Must be used to retain at least 90% of workforce with full wages and benefits
- No buybacks or dividend payments, no outsourcing of jobs, and mandatory neutrality in union organizing activities

Payroll Taxes

- Refundable 50% tax credit applicable to payroll taxes for employers subject to closure due to COVID-19 - up to \$10,000 per employee
- Delays payment of 50% of payroll taxes due between now and Jan. 1, 2021 to Dec. 31, 2021 and delays other half of payments due to Dec. 31, 2022.

Unemployment Insurance (UI)

- UI extended to 13 weeks for eligible individuals and includes a four-month enhancement of benefits (April 1 – July 31, 2020).
- Extension 100% covered by the federal government
- Employees not ordinarily eligible for UI or who have exhausted their UI benefits may still be eligible for unemployment compensation (self-employed and “gig” economy workers)
- UI enhancements expire on December 31, 2020.

Paid Sick and Family Leave

- Includes paid and family leave requirements for companies with less than 500 employees. Applies April 1, 2020 – December 31, 2020.
- Two weeks of paid time at 100% of the employee’s regular rate for self-quarantine, diagnosis of COVID-19.
- 10 weeks of paid family leave at 2/3 of the employee’s regular rate to care for someone who is isolated/quarantined and for a child due to a closure of school or childcare.

Cash Payments to Americans

- Cash payments are available to individuals who filed a tax return for 2019 or 2018.
- Individuals will receive \$1,200, married couples receive \$2,400, and child dependents receive \$500.
- IRS will send out the checks automatically via direct deposit or to the address provided on the last tax return.

Tax Credits and Additional Resources on CARES Act

Certain tax credits may be available to employers who are required to provide leave under the Families First Coronavirus Response Act (“FFCRA”). The FFCRA provides that employers who are subject to providing paid leave requirements are entitled to fully refundable tax credits to cover the cost of the leave required to be paid for these periods of time during which employees are unable to work (which for purposes of these rules, includes telework). Certain self-employed persons in similar circumstances are entitled to similar credits. More information can be found at this link: <https://www.irs.gov/newsroom/covid-19-related-tax-credits-for-required-paid-leave-provided-by-small-and-midsize-businesses-faqs>

In addition, the National Association of Convenience Stores (NACS) has provided a webinar that covers tax credits and other details of the CARES Act. <https://www.convenience.org/Education/Learning-On-Demand/Accessing-Paycheck-Protection-Loans-and-available>

If you have not already done so, we encourage you to talk to your legal counsel and tax professionals about what is contained in the federal CARES Act legislation and also ask them about any state or municipal incentives you might qualify for.

To be clear, ~~you should talk with your own legal counsel and tax professionals about your eligibility for these provisions.~~ BP is providing you with what we believe are important reference materials as you navigate these difficult times but is not providing you legal or tax advice, does not endorse the NACS, the content of the webinar, or the law firm presenting the webinar.

Helpful Links

Link to the Department of Treasury’s CARES page
<https://home.treasury.gov/cares>

Link to the SBA landing page which includes all SBA programs available to businesses.

<https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>

Link to the US Chamber of Commerce summary of the Emergency Loan Program:

https://www.uschamber.com/sites/default/files/023595_comm_corona_virus_smallbiz_loan_final.pdf