

The CARES Act – A Comparison of Four Assistance Programs Available to Businesses

| | SBA EIDL Loan (Economic Injury Disaster Loan) | SBA PPP Loan (Paycheck Protection Loan) | ERC (Employee Retention Tax Credit) |
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| Summary | Low interest loans (3.75% cap, 2.75% for nonprofits) for working capital. Terms up to 0 years. Can request \$10,000 payable 3 days after application. If the loan is denied, advanced funds aren't required to be repaid. | Low interest loans (0.5%) to pay payroll costs for the eight-week period after the PPP Loan is originated. Loan matures in 2 years. All payments will be deferred for 6 months. Loan will be fully forgiven if funds are used for approved purposes (75% must be used for payroll). Forgiveness will be reduced if full-time headcount declines or if salaries and wages decrease. | Employee Retention Tax Credit for 50% of up to \$10,000 (per employee) in qualified wages paid by employers affected by the coronavirus. |
| How to Apply | Apply directly with the SBA. Applications may be submitted electronically or by mail. Refer to the online SBA Application portal for additional information. | Apply with existing SBA Lenders or at a participating federally insured institution. Application available for borrower to complete and return to lender. Borrower must submit supporting payroll documentation (used to calculate the average monthly payroll cost) to the lender. These supporting documents must align with documents submitted to the IRS. See 7 th certification on the Application and the Borrower Fact Sheet for additional information regarding the documentation requirements. | Credit can be received immediately by reducing required deposits of payroll taxes that have been withheld from employees' wages, or it can be reconciled through quarterly payroll reports, or an advance can be claimed. Refer to the IRS Instructions for additional information. |
| Eligibility | Any small business or non-profit that meets the SBA size standards that has suffered "substantial economic injury." SBA affiliation rules also apply. A borrower can have both a PPP and an EIDL loan only if the EIDL loan is for a purpose other than PPP purposes. EIDL loan amounts obtained after 1/31/20 related to PPP purposes can be refinanced into a PPP loan and be eligible for forgiveness. | All businesses (including non-profits, sole proprietorships, self-employed individuals, and independent contractors) in operation before 2/15/2020 with less than 500 employees are eligible. Larger businesses operating in certain industries may be eligible to apply under the SBA's existing size standards . SBA affiliation rules also apply. | Employers whose operations were fully or partially suspended due to the coronavirus or whose gross receipts decreased by more than 50% when compared to the same calendar quarter in 2019 (regardless of size). Not available to state and local governments or to small businesses who take SBA Loans **A business cannot claim this credit if the business takes an SBA Loan** |
| Covered Period | 1/31/2020-12/31/2020 | 2/15/2020-6/30/2020 | 3/15/2020-12/31/2020 |
| Max Amount | Up to \$2 million loan. Applicants can request up to \$10,000 in advance, which | 2.5x the average monthly payroll costs from the last year, subject to a \$10 million cap. Payroll | \$5,000 per employee. Additional restrictions on eligible wages for |

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| | will be distributed within 3 days. Applicants are not required to pay the \$10,000 back if they are denied a loan. | costs are capped at \$100,000 annualized for each employee. Refer to the Borrower Fact Sheet for additional information | businesses with >100 Full-time employees. Refer to the IRS Instructions for add'l information. |
| | SBA EIDL Loan (Economic Injury Disaster Loan) | SBA PPP Loan (Paycheck Protection Loan) | ERC (Employee Retention Tax Credit) |
| Use of Proceeds Limitations | Proceeds may be used to pay fixed debts, payroll, accounts payable, rent, utilities, or other bills unable to be paid due to the disaster's impact. | Proceeds may be used to pay payroll costs, mortgage interest, utilities, and interest on pre-existing loans. Not more than 25% of the forgiven amount may be for non-payroll costs. Refer to the Borrower Fact Sheet for additional information. | No restrictions |
| Term | Up to 30 years | The loan is due in 2 years. There are no prepayment penalties or fees. | N/A |
| Collateral | Yes, for loans over \$25,000 | None | N/A |
| Personal Guarantee | Yes, for loans over \$250,000 | None | N/A |
| Loan Forgiveness | None | Yes. If the loan proceeds are used solely for covered purposes, the borrower may submit application for forgiveness (to the lender servicing the loan) at the end of the eight-week period. Not more than 25% of the proceeds may be used for non-payroll costs. The forgiveness amount will be reduced if payroll and staff levels are not maintained. Certifications and documents will be requested by the servicing lender to process the forgiveness application. Refer to the Borrower Fact Sheet for additional information. | N/A |

Delayed Payroll Taxes

The CARES Act also provides businesses with the option to delay payment of the employer portion of social security taxes (not all FICA) from 3/27/2020-12/31/2020. Half of the deferred amount will be due at the end of 2021 and the other half will be due at the end of 2022. This provision amounts to an interest free loan with no strings attached (assuming the business pays the taxes owed at the deferred dates). There is no restriction on the use of funds. This option is available to employers regardless of size and there is no obligation to prove economic harm from the coronavirus. However, this option is **not** available to businesses who seek loan forgiveness under the SBA PPP Loan program. See [IRS Publication](#) for additional information.