



COVID-19 Financial RELIEF Programs for Businesses

Elk News: Aid for our lodges

This presentation is aimed at Exalted Rulers, Financial Secretaries, and Joint Management Teams

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Business Interruption Insurance Coverage

All Exalted Rulers, Financial Secretaries,
and Joint Management Teams:

Please check your Insurance policies to
determine if there is a clause for Business
Interruption coverage. It could cover the
cost of payroll up to \$10,000 and more.

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Business interruption insurance can cover:

Lost revenue

Rent or lease payments

Relocation costs

Employee wages

Taxes

Loan payments

If your business can't serve customers, make sales, or work with clients because of property damage, business interruption insurance will help compensate your business for lost revenue. This policy ensures that a temporary shutdown doesn't become a permanent closure if you don't have the means to keep your business open.

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Economic Injury Disaster Loans and Loan Advance

- In response to the Coronavirus (COVID-19) pandemic, small business owners in all U.S. states, Washington D.C., and territories are eligible to apply for an Economic Injury Disaster **Loan advance of up to \$10,000.**
- To apply for a COVID-19 Economic Injury Disaster Loan, [click here.](#)
- The SBA's Economic Injury Disaster Loan program provides small businesses with **working capital loans of up to \$2 million** that can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing. The loan advance will provide economic relief to businesses that are currently experiencing a temporary loss of revenue. **Funds will be made available within three days of a successful application, and this loan advance will not have to be repaid.**

Economic Injury Disaster Loans and Loan Advance

- The part of the loan that does not become a grant (you'll have to request forgiveness once you can certify that you used the money to cover payroll, etc.) will be due in two years, though payments are deferred for six months. The interest rate is fixed at 0.50%. (If you don't maintain headcount and payroll at pre-pandemic levels, the amount that is forgiven will be reduced.)

Economic Injury Disaster Loans and Loan Advance

- To be eligible, a business generally must have 500 or fewer employees. Sole proprietors and independent contractors may also apply. You can submit an [application](#) for one of these loans through a local lender. The only other paperwork you need is payroll documentation. Lenders may begin processing applications from small business owners and sole proprietors Friday, April 3, 2020, and from independent contractors and self-employed individuals the following week, April 10, 2020.
- The **deadline is June 30, 2020**, but you should apply quickly, since Congress has capped the program at \$349 billion.
- For more details, including a list of participating lenders, once it's available, go to the [SBA website](#).

PAYCHECK PROTECTION PROGRAM (PPP) INFORMATION

The Paycheck Protection Program (“PPP”) authorizes up to \$349 billion in forgivable loans to small businesses to pay their employees during the COVID-19 crisis.

- All loan terms will be the same for everyone.
- The loan amounts will be forgiven as long as:
 - **The loan proceeds are used** to cover payroll costs, and most mortgage interest, rent, and utility costs over the 8 week period after the loan is made; and
 - Employee and compensation levels are maintained.
- Payroll costs are capped at \$100,000 on an annualized basis for each employee.
- *Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.*
- **Loan payments will be deferred for 6 months.**

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PAYCHECK PROTECTION PROGRAM (PPP) INFORMATION

Who can apply?

All businesses—including nonprofits, veterans organizations, Tribal business concerns, sole proprietorships, self-employed individuals, and independent contractors—with 500 or fewer employees can apply. Businesses in certain industries can have more than 500 employees if they meet applicable SBA employee-based size standards for those industries (click [HERE](#) for additional detail).

PAYCHECK PROTECTION PROGRAM (PPP) INFORMATION

Where can I apply?

You can apply through any existing SBA lender ([your bank](#)) or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Other regulated lenders will be available to make these loans once they are approved and enrolled in the program. You should consult with your local lender as to whether it is participating. Visit www.sba.gov for a list of SBA lenders.

PAYCHECK PROTECTION PROGRAM (PPP) INFORMATION

What can I use these loans for?

You should use the proceeds from these loans on your:

- Payroll costs, including benefits;
- Interest on mortgage obligations, incurred before February 15, 2020;
- Rent, under lease agreements in force before February 15, 2020; and
- Utilities, for which service began before February 15, 2020.

What counts as payroll costs?

Payroll costs include:

- Salary, wages, commissions, or tips (capped at \$100,000 on an annualized basis for each employee);
- Employee benefits including costs for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payments required for the provisions of group health care benefits including insurance premiums; and payment of any retirement benefit;
- State and local taxes assessed on compensation

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PAYCHECK PROTECTION PROGRAM (PPP) INFORMATION

How large can my loan be?

- Loans can be for up to two months of your average monthly payroll costs from the last year plus an additional 25% of that amount. That amount is subject to a \$10 million cap. Payroll costs will be capped at \$100,000 annualized for each employee.

How much of my loan will be forgiven?

- *You will owe money when your loan is due if you use the loan amount for anything other than payroll costs, mortgage interest, rent, and utilities payments over the 8 weeks after getting the loan.*
- Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.
- For more information on PPP go to:
<https://home.treasury.gov/system/files/136/PPP--Fact-Sheet.pdf>

Treasury, IRS and Labor announce plan to implement Coronavirus-related paid leave for workers and tax credits for small and midsize businesses to swiftly recover the cost of providing Coronavirus-related leave

- The U.S. Treasury Department, Internal Revenue Service (IRS), and the U.S. Department of Labor (Labor) announced that small and midsize employers can begin taking advantage of two new refundable payroll tax credits, designed to immediately and fully reimburse them, dollar-for-dollar, for the cost of providing Coronavirus-related leave to their employees. This relief to employees and small and midsize businesses is provided under the Families First Coronavirus Response Act (Act), signed by President Trump on March 18, 2020.

- The Act will help the United States combat and defeat COVID-19 by giving all American businesses with fewer than 500 employees funds to provide employees with paid leave, either for the employee's own health needs or to care for family members. The legislation will enable employers to keep their workers on their payrolls, while at the same time ensuring that workers are not forced to choose between their paychecks and the public health measures needed to combat the virus.

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• Key Takeaways

- **Paid Sick Leave for Workers**
- For COVID-19 related reasons, employees receive up to 80 hours of paid sick leave and expanded paid child care leave when employees' children's schools are closed or child care providers are unavailable.
- **Complete Coverage**
- **Employers receive 100% reimbursement for paid leave pursuant to the Act.**
 - Health insurance costs are also included in the credit.
 - Employers face no payroll tax liability.
 - Self-employed individuals receive an equivalent credit.
- **Fast Funds**
- Reimbursement will be quick and easy to obtain.
 - An immediate dollar-for-dollar tax offset against payroll taxes will be provided
 - Where a refund is owed, the IRS will send the refund as quickly as possible.

Treasury, IRS and Labor announce plan to implement Coronavirus-related paid leave for workers and tax credits for small and midsize businesses to swiftly recover the cost of providing Coronavirus-related leave

- **Easing Compliance**

- Requirements subject to 30-day non-enforcement period for good faith compliance efforts.
- To take immediate advantage of the paid leave credits, businesses can retain and access funds that they would otherwise pay to the IRS in payroll taxes. If those amounts are not sufficient to cover the cost of paid leave, employers can seek an expedited advance from the IRS by submitting a streamlined claim form that will be released next week.

IRS: Employee Retention Credit available for many businesses financially impacted by COVID-19

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- IR-2020-62, March 31, 2020
- WASHINGTON — The Treasury Department and the Internal Revenue Service today launched the Employee Retention Credit, designed to encourage businesses to keep employees on their payroll. The refundable tax credit is 50% of up to \$10,000 in wages paid by an eligible employer whose business has been financially impacted by COVID-19.
- **Does my business qualify to receive the Employee Retention Credit?**
 - The credit is available to all employers regardless of size, including tax-exempt organizations. There are only two exceptions: State and local governments and their instrumentalities and small businesses who take small business loans.
 - Qualifying employers must fall into one of two categories:
 - The employer's business is fully or partially suspended by government order due to COVID-19 during the calendar quarter.
 - The employer's gross receipts are below 50% of the comparable quarter in 2019. Once the employer's gross receipts go above 80% of a comparable quarter in 2019, they no longer qualify after the end of that quarter.
 - These measures are calculated each calendar quarter.

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- IR-2020-62, March 31, 2020
- **How is the credit calculated?**
 - The amount of the credit is 50% of **qualifying wages** paid up to \$10,000 in total. Wages paid after March 12, 2020, and before Jan. 1, 2021, are eligible for the credit. Wages taken into account are not limited to cash payments, but also include a portion of the cost of employer provided health care.
- **How do I know which wages qualify?**
 - Qualifying wages are based on the average number of a business's employees in 2019.

IRS: Employee Retention Credit available for many businesses financially impacted by COVID-19

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- IR-2020-62, March 31, 2020
- **Employers with less than 100 employees:** If the employer had 100 or fewer employees on average in 2019, the credit is based on wages paid to all employees, regardless if they worked or not. If the employees worked full time and were paid for full time work, the employer still receives the credit.
- **Employers with more than 100 employees:** If the employer had more than 100 employees on average in 2019, then the credit is allowed only for wages paid to employees who did not work during the calendar quarter.
- **I am an eligible employer. How do I receive my credit?**
- Employers can be immediately reimbursed for the credit by reducing their required deposits of payroll taxes that have been withheld from employees' wages by the amount of the credit.
- Eligible employers will report their total qualified wages and the related health insurance costs for each quarter on their quarterly employment tax returns or Form 941 beginning with the second quarter. If the employer's employment tax deposits are not sufficient to cover the credit, the employer may receive an advance payment from the IRS by submitting [Form 7200, Advance Payment of Employer Credits Due to COVID-19](#).
- Eligible employers can also request an advance of the Employee Retention Credit by submitting [Form 7200](#).



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