

COVID-19: Federal Disaster Response & Stimulus

Disclaimer: The Phase 3 economic relief package details below were signed into law on Friday, March 27. Earlier economic relief legislation for individuals and small businesses was signed into law on March 18. Congress is expected to debate a Phase 4 legislative package in the coming weeks.

Increased assistance for small and medium sized businesses

Small and medium sized businesses are scrambling to navigate the impact of business disruptions and lost traffic during the coronavirus outbreak. At NCR, we're committed to helping our small and medium sized business customers navigate this difficult time—starting with a list of federal assistance programs that are mobilizing to provide much-needed support.

The federal government will provide \$350 billion for 100 percent federally guaranteed small business loans and loan forgiveness. Small businesses can begin to submit loan applications on April 3. Independent contractors and the self-employed can begin to submit loan applications on April 10.

Initial guidance on this program can be found on the U.S. Treasury Department's website:

<https://home.treasury.gov/system/files/136/PPP%20Borrower%20Information%20Fact%20Sheet.pdf>

Please find qualification details below:

Small Business Loans (Paycheck Protection Program)

Eligibility



Small businesses, nonprofits and veterans' organizations **with under 500 employees** are eligible to apply.



Self-employed individuals and independent contractors are also eligible for this program.



Businesses in the hospitality and restaurant industries are eligible. Franchises that meet the size requirements are generally eligible to participate.

To apply, contact your local participating bank or go to SBA.gov.

Benefits



\$10M maximum loan amount through Dec. 31, 2020, with the size of the loan tied to the average monthly payroll for 2.5 months.

These loans can be forgiven (see next section).



Loans can be used for payroll, benefits, mortgage, rent and utilities. The retroactive start date of February 15, 2020 incentivizes companies to rehire staff that have been laid off.

Loan Forgiveness



Businesses are eligible for loan forgiveness equal to the amount spent during an 8-week period after the origination date of the loan on payroll costs, most interest payments on mortgages, rent or utility bills.

Amounts forgiven may not exceed the principal amount of the loan and eligible payroll costs do not include compensation above \$100,000 in wages.

Forgiveness on a covered loan is equal to the sum of payroll costs incurred during the covered 8-week period compared to the previous year or time period.

Economic Injury Disaster Loans



Businesses can now access capital in advance of up to \$10,000 through the Emergency EIDL Grant program.



The SBA must distribute within 3 days. This can be used for payroll, covered leave and debt obligations.



The interest rate is 3.75% for businesses and 2.75% for not-for-profit organizations.



Long-term repayments up to 30 years will keep payments affordable.

The loans can be used to pay fixed debts, payroll, accounts payable and other bills.



Terms are on a case-by-case basis, based upon each borrower's ability to repay.



Emergency declaration must be made for a designated area before loans become available.



To apply, contact your local participating bank or go to [SBA.gov](https://www.sba.gov).

How to get more information

To find out if you live in an eligible area, please click [here](#). For more information, visit the Small Business Administration website at www.SBA.gov/disaster.

You can also contact the SBA Disaster Assistance Customer Service Center at 1-800-659-2955 (TTY: 1-800-877-8339) or email disastercustomerservice@sba.gov.

Tax incentives for small and medium sized businesses

Refundable tax credits and adjustments are available for employers affected by COVID-19.

Highlights include the following:

Deferral of Employer Payroll Tax

Information available on IRS.gov



Allows companies to defer payment on their 2020 Social Security payroll taxes to future years with no penalty. Half will be due at the end of 2021, and the remaining half in 2022.

Employee Retention Tax Credit

Information available on IRS.gov



Employers who have been hit with at least a 50% loss in gross receipts compared to the same quarter last year are eligible.

Allows companies that maintain their payroll to receive a 50% credit on wages of up to \$10,000 per employee.

Companies with 100 or fewer employees could obtain a 50% credit on all wages paid.

This is a refundable tax credit.

Tax Credit for Emergency Paid Sick & Family Leave

Details on requirements below



Employers will be reimbursed through a refundable tax credit that counts against employers' payroll tax, which all employers pay regardless of non-profit/for-profit status.



Employers will submit emergency paid sick and family leave expenses as part of their estimated quarterly tax payments. If employer's costs more than offset their tax liability, they will get a refund from the IRS.

Modifications for Net Operating Losses



Relaxes the limitations on a company's use of losses. Allows for net operating losses arising in a tax year beginning in 2018, 2019 or 2020 to be carried back five years.

New requirements for small and medium sized businesses

In addition to new tax benefits for employers, there are also new mandatory sick leave and emergency family and medical leave requirements that apply through December 31, 2020. The sick leave and family leave requirements were included in the Families First Coronavirus Response Act (HR 6021), which was signed into law on March 18.

New Emergency Paid Sick Leave Requirements

Employers with fewer than
500 EMPLOYEES
*must provide**

2 WEEKS
Emergency paid sick leave

Full-time employees must be compensated for 80 hours. Part-time employees must be compensated for their typical number of hours worked.

**The Department of labor may issue exemptions for employers with fewer than 50 employees.*

What's covered?



Compliance with a quarantine related to coronavirus
(100% of pay)



The diagnosis or preventive care for coronavirus
(100% of pay)



Care for sick family member
(two-thirds pay)



Care for child whose school is closed
(two-thirds pay)

Who Pays for the Emergency Paid Sick Leave?



Employers initially front the cost of emergency paid sick leave but will be fully reimbursed by the federal government within three months.



The reimbursement will cover both the wages paid and the employer's contribution to employee health insurance premiums during the period of leave.



Employers will be reimbursed through a refundable tax credit that counts against employers' payroll tax, which all employers pay regardless of non-profit/for-profit status.



Employers will submit emergency paid sick leave expenses as part of their estimated quarterly tax payments. If employer's costs more than offset their tax liability, they will get a refund from the IRS.

New Emergency Paid Family Leave Requirements

Employers with fewer than
500 EMPLOYEES
*must provide**

12 WEEKS
Job-protected leave
for workers employed longer than 30 days

The first ten days are unpaid leave, followed by ten weeks of paid leave. Eligible employees may elect or be required to overlap the initial two weeks of unpaid leave with two weeks of other paid leave they have available. Employers will pay no less than two-thirds of an employee's usual pay. Assistance is capped at \$10,000 per employee.

**The Department of labor may issue exemptions for employers with fewer than 50 employees.*

What's covered?



Care for child in the event of a school closure or their child care provider is unavailable due to COVID-19.

Who Pays for the Emergency Paid Family Leave?



Employers initially front the cost of emergency paid sick leave but will be fully reimbursed by the federal government within three months.



The reimbursement will cover both the wages paid and the employer's contribution to employee health insurance premiums during the period of leave.



Employers will be reimbursed through a refundable tax credit that counts against employers' payroll tax, which all employers pay regardless of non-profit/for-profit status.



Employers will submit emergency paid sick leave expenses as part of their estimated quarterly tax payments. If employer's costs more than offset their tax liability, they will get a refund from the IRS.

The U.S. Department of Labor has published guidance for businesses on complying with these requirements. **Please see more details here:**

<https://www.dol.gov/newsroom/releases/whd/whd20200328>

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