

CARES Act...

What does it mean for small
business owners in the
promotional products industry?

Presented by Promotional Products Association International

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Speakers:

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What is the CARES Act?

- H.R. 748, named the Coronavirus Aid, Relief, and Economic Security (CARES) Act, modifies elements of the Tax Reform Act of 1986 to help businesses mitigate their Coronavirus-related losses.
- With a total value of \$2 trillion, the legislation authorizes federal funding for states, companies, individuals, and other entities adversely affected by the Coronavirus pandemic, and expands the eligibility criteria for the relief programs.

What is the CARES Act?

- It provides disaster relief for industry companies, including deferred tax payments, loans with forgiveness options, and direct payments to businesses and individuals.



What does this mean to you?

- *Keeping Employees Paid and Employed - Paycheck Protection Program*
- *Small Business Loans*
- *Economic Injury Disaster Loans*



Keeping Employees Paid and Employed – Paycheck Protection Program

- The CARES Act provides \$350 billion for paycheck protection loans to small businesses and non-profits to help them maintain their workforce.
 - These loans are intended to help small businesses maintain their staff.



Keeping Employees Paid and Employed – Paycheck Protection Program

- Eligible recipients could receive loans up to \$10 million
- Use the loans to cover payroll and rent
 - There are options for these loans to be forgiven if the employer maintains their payroll throughout the public health crisis.



Keeping Employees Paid and Employed – Paycheck Protection Program

- The loan will be forgiven to the extent the borrower maintains its payroll from March 15-June 30, with compensation capped at \$100,000 for any individual employee.

Keeping Employees Paid and Employed - Paycheck Protection Program

- Particularly significant for the promotional products industry is that this law includes:
 - Small business owners
 - Independent contractors
 - Sole proprietors
 - And some self-employed individuals.



Keeping Employees Paid and Employed – Paycheck Protection Program

- Loan payments are deferred for 6 months
- No collateral is required
- These are low interest loans that may be forgiven
- The loan is due in two years

Keeping Employees Paid and Employed – Paycheck Protection Program

- Loans to small businesses and sole-proprietors open April 3
- Loans to self-employed and independent contractors open April 10
- Visit www.sba.gov for a list of SBA lenders

Keeping Employees Paid and Employed – Paycheck Protection Program

- If you intend to apply for this loan, do it immediately
 - There is a funding cap
- You can take out only one loan under this program
- This loan can be for up to two months of average monthly payroll costs from the last year plus an additional 25% of that amount

Keeping Employees Paid and Employed – Paycheck Protection Program

- You will owe money when the loan is due if you use the loan amount for anything other than payroll, mortgage interest, rent and utility payments over the eight weeks after getting the loan
 - It is likely that not more than 25% of the forgiven amount may be for non-payroll costs
 - You will owe money if you do not maintain your staff and payroll
 - You have until June 30, 2020 to restore full-time employment and salary levels for any changes made between February 15-April 26, 2020

Keeping Employees Paid and Employed – Paycheck Protection Program

- The amount of the loan is 2.5 times the average monthly expenses for payroll from March 2019-February 2020, with a cap of \$10,000,000.
 - The loan proceeds can be used to pay payroll, benefits, rent or mortgage payments, utilities, and interest on pre-existing loans.
 - The loan will be forgiven to the extent the borrower maintains its payroll from March 15 - June 30, with compensation capped at \$100,000 for any individual employee.
 - No loan forgiveness for mandated sick pay or new FMLA paid leave.
 - The changes in full-time equivalent employees will adjust the amount of loan forgiveness.

Keeping Employees Paid and Employed - Paycheck Protection Program

- This provision is retroactive to February 15, so it may include coverage for employees who have already been laid off, and remains effective until June 30.



Keeping Employees Paid and Employed – Paycheck Protection Program

- Go to your individual lender to apply for this loan
 - The SBA does not provide these loans
 - The SBA does provide a sample loan application:
 - <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-ppp>
- Also consider a community bank
 - <https://www.icba.org/about/find-a-community-bank>

Keeping Employees Paid and Employed – Paycheck Protection Program

- Have the following information available:
 - The date you started your business
 - Detailed information to calculate average monthly payroll costs
 - Annual revenue
 - Business mailing address

Keeping Employees Paid and Employed - Paycheck Protection Program

- Employers may delay the payment of employer portion of FICA payroll taxes until December 31, 2021 if they do not qualify for the loan forgiveness.
- The employer may pay 50% of payroll taxes on December 31, 2021 and remaining 50% by December 31, 2022.



Small Business Loans

- The CARES Act expands the funding issued through small business loans.
- The CARES Act relaxes some existing Small Business Administration (SBA) restrictions, so recipients may be eligible to receive loan forgiveness for some payroll costs, including mortgage interest payments, rent, and utilities.



CARES Act: Economic Injury Disaster Loans

- Small business owners, sole proprietors, independent contractors and other may apply for EIDLs.
 - Apply now
 - Receive a \$10,000 advance
 - That advance may be forgiven if you use it for qualified purposes within 8 weeks.



CARES Act: Economic Injury Disaster Loans

- Covered period: 2/15/20-6/30/2020
- \$10 billion allocated for funding
- Advance capped at \$10,000
- Eligibility: Small business owners (<500employees), including sole proprietorships, independent contractors, nonprofits, and others
- Loans forgiven, if all used for qualified purposes within the covered period (8 weeks); may refinance any balance with a payroll protection loan under CARES Act.

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A photograph of a white sign posted on a glass window. The sign has red and black text. The background shows a blurred outdoor scene with a blue sky and some greenery.

ATTENTION:

Due to COVID- 19,
our store is closed
to the public.

HOWEVER

Phone orders with
curbside pickups
available

(709) 726-9663

CARES Act: Economic Injury Disaster Loans

- What should you do right now?
 - Apply: <https://covid19relief.sba.gov/#/>



Resources

- Small business can consult local Small Business Development Centers (SBDC) or Women's Business Center (WBC). To find a local center, visit <https://www.sba.gov/local-assistance/find/>
- US Chamber of Commerce Resources: <https://www.uschamber.com/co/small-business-coronavirus>
- EIDL loans apply at [SBA.gov/disaster](https://www.sba.gov/disaster)
- PPAI Resources: ppai.org/coronavirus-information/
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Looking Ahead

- PPAI continues to monitor this legislation, and we expect further developments in the days ahead.
- Questions?



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