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Floral Recovery: Small Business Financial Aid Guidance



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SBA Economic Injury Disaster Loans (EIDL)

- Direct loan from SBA
- For working capital only
- Provide an emergency advance of up to \$10,000 to small businesses and nonprofits
- The advance does not need to be repaid under any circumstances
- Borrow up to \$2MM
- Interest rate 3.75%
- 12 month payment deferment
- Up to 30 years to repay
- **CURRENTLY NOT ACCEPTING APPLICATIONS**



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Through the IRS

- Small Business Tax Provisions
 - Provision would provide refundable payroll tax credit for 50% of wages paid by eligible employers to certain employees during the crisis.
 - **NOT eligible if take PPP program.**
 - <https://www.irs.gov/coronavirus/new-employer-tax-credits>
 - <https://www.irs.gov/newsroom/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>
- Delay of Payment of Employer Payroll Taxes
 - Allows for employers to defer paying the employer portion of payroll tax through the end of 2020, then pay half by end of 2021 and balance by the end of 2022.
 - **NOT eligible if take PPP program.**
 - FAQ <https://www.irs.gov/newsroom/deferral-of-employment-tax-deposits-and-payments-through-december-31-2020>

<https://www.irs.gov/coronavirus-tax-relief-and-economic-impact-payments>



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Small Business Debt Relief Program

- The program will provide relief for all SBA loan payments
 - If you have an existing SBA loan or obtain one by the end of June; the SBA will make your loan payments from April through September.
 - Your bank should have received notice of this.

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Paycheck Protection Program Loans (PPP)

- If employers maintain their payroll during the emergency up to 8 weeks of payroll would be forgiven.
 - No SBA fees.
 - Loans through SBA lenders.
 - For amounts not forgiven:
 - Repayment over 2 years.
 - Interest rate 1%.
 - **Program ran out of money after less than 3 weeks. Additional money available 4.27.20, not sure how long it will last.**
 - **Keep checking for rule updates and clarifications.**

<https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>



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PPP Loan continued

- **The purpose of the PPP loan is to keep people on employer's payrolls and off of unemployment – whether the employer has them working or not**
- The PPP loan amount was determined by the number of employees indicated on the application.
- The money can only be used for wages *going forward* – it cannot be used to make up back wages.
- It must be used in eight and one-half (8½) weeks. That clock starts ticking the day the funds are deposited into your account.
- Once the funds are received, you have 5 days to notify your employees to return to work.
- You ***must*** have on your payroll the number of employees you indicated in the grant.
- If you have laid off employees and they do not want to come off unemployment – *you must hire people to take their place.*

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PPP Loan continued

- If you can't use all of the money for the intended purpose – you can give it back at the end.
- You will need to apply to your lender at the end of 8 ½ weeks for the loan to be forgiven. You will need to prove (beyond a shadow of a doubt) that the loan proceeds were only used for the intended purposes.
- Any monies that are not forgiven will be converted to a loan with a 1% interest rate payable over two years.
- If you also obtained the EIDL grant – the amount of the grant will be subtracted from the forgivable portion of the PPP loan – so the amount of the grant will need to be paid back at the 1% over 2 years.
- You are then under no obligation to hire the former employees back once the unemployment runs out.
- You do not have to have the *same people* on your payroll – only the *same number* of people.



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Some Recommendations to ensure the maximum forgiven amount

- Open a new deposit account (savings or checking) to deposit the proceeds. Do not comingle them with your other funds. That makes it easier to prove which dollars went where.
- Use those monies only for the intended purposes.
 - The program does allow 25% to be used for other than wages, but I would encourage you to only use it for wages.
- Ensure you have very easy to follow paperwork showing how each withdraw of money from the account was used. If you have a payroll company, ask them to debit the account for the payroll, this creates a very clear trail for how the money was used. Do ensure your payroll only has allowable expenses.
- For additional information including new FAQs that were released 4.26.20:

<https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>



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For Additional Help

- Local Small Business Development Centers

<https://americassbdc.org/small-business-consulting-and-training/find-your-sbdc/>

