

## COVID-19 2021 SBA Loans and Grants

The U.S. Senate and House on March 27, 2020, passed the Coronavirus Aid, Relief and Economic Security Act.

The CARES Act offered multiple Small Business Administration loan options for employers, including the Paycheck Protection Program and the Economic Injury Disaster Loan.

Congress then passed the Paycheck Protection Program Flexibility Act on June 3. That bill provided additional flexibility for PPP loans and extended the deadline to apply for the PPP loan from June 30, 2020, to August 8, 2020.

On December 21, Congress passed the Consolidated Appropriations Act of 2021, which included changes to the Paycheck Protection program and forgiveness process.

More information on the available loans and grants can be found at:

[www.sba.gov/funding-programs/loans/coronavirus-relief-options](https://www.sba.gov/funding-programs/loans/coronavirus-relief-options)

### Economic Injury Disaster Loan (EIDL)

- Loan to meet financial obligations and operating expenses that could have been met had the disaster not occurred.
- EIDL Loan is available to apply and is not forgivable.
- Open to businesses with <500 employees, sole proprietors, and independent contractors.
- Terms: 3.75% interest, up to 30-year repayment, 12 months no payments.

### Paycheck Protection Program (PPP) First Draw - Enacted April 2020

- Must spend no less than 60% of the loan amount on payroll costs for forgiveness.
- First-draw PPP loan applications open and initially will be available only through community financial institutions.
- The maximum amount of salary for forgiveness for the owner is \$20,833.
- The maximum amount of salary for forgiveness per employee is \$46,154.
- You can pay your employees bonuses to reach the 60% payroll costs threshold.
- You can opt to choose an "Alternative Payroll Covered Period" that aligns with your payroll.

### PPP Second Draw - Enacted December 2020

- Applications opened Jan. 13, also through community financial institutions. Must have 300 or fewer employees and demonstrate loss of 25% of gross receipts in any quarter during 2020 compared to the same quarter in 2019.
- PPP can be used to purchase or to cover the cost of PPE and facility modifications that were made to mitigate the transmission of COVID-19.
  - A minimum of 60% must be used for payroll.
  - No more than 40% can be used for rent, utilities, and certain types of interest.
- PPP forgiveness amount will no longer be reduced by any EIDL grant amount the PPP borrower received.
- PPP loan funds eligible for deductibility for tax purposes.
- PPP borrowers can now take advantage of the Employee Retention Tax Credit.
- March 31, 2021, is the last day to apply for a first- or second-draw PPP loan.