



CARES Act for Small Businesses and Non-profits *Frequently Asked Questions (FAQs)*

Summary of Vegas Chamber Conference Call with US Chamber of Commerce
April 9, 2020

What are the automatic payments to individual taxpayers?

\$1,200 per individual (\$2,400 joint return) + \$500 per child. There is a phase out for incomes above \$75,000 (\$150,000 joint filed).

What is included in the CARES Act about unemployment benefits? Most restrictions on eligibility are suspended if related to COVID-19. There is also an additional \$600 per week on top of regular state benefit (through July 31). Eligibility ends when an individual can return to work. Benefits are provided through state unemployment insurance (UI) offices.

Do 1099 employees wages information need to be included for the Economic Injury Disaster Loan (EIDL) program or the Payroll Protection Program (PPP)? No, they do not need to be included because 1099 employees will be able to apply on their own.

What are some of the highlights of the SBA Economic Injury Disaster Loans (EIDL)?

Small businesses and nonprofits (including faith-based) with fewer than 500 employees, sole proprietors and independent contractors can apply. Up to \$2 million working capital loan up to 30-year term; 3.75% (2.75% non-profits). Payments deferred up to 1-year. Loans based on credit scores; no tax returns required. Apply through www.SBA.gov.

If you have both the Economic Injury Disaster Loan (EIDL) and Payroll Protection Program (PPP), is the \$10,000 grant taken out of the forgiveness? Whatever the [amount of the?] PPP loan forgiveness, it will be reduced by \$10,000.

Restaurants with gaming are disadvantaged; are there any updates to this rule? No, not at this time, but check back for any updates.

Will an individual receive the \$1,200 if they owe money to the IRS? You would need to check the IRS website for that specific question at www.irs.gov.

Can you use the tax credit for health payments for furloughed employees? That was the intent of legislation, but it is a case-by-case basis.

Is there any forgiveness for business shutdowns extending past the deadline? This is actively being examined by Congress and is in discussion for possible inclusion in future legislation.



Any update on 501(c)6 nonprofits being eligible to apply? For these organizations to be included, it will require congressional action.

For clarification if a small business uses Payment Protection Program (PPP), do you lose the payroll retention tax credit? Yes.

What is the latest you can bring back employees and apply? You should maximize payroll forgiveness for the eight weeks after origination. How you decide to use that timing is your decision. However, the deadline to apply is June 30, 2020.

If an employer has reduced the salary for an employee, can they apply for unemployment insurance? It depends on your state guidelines. If you have a workshare program, then possibly yes. Please visit <https://detr.nv.gov/> for Nevada's guidelines.

Regarding the reimbursement for childcare: If an employee is working remotely but making less, how will that work? If they are claiming the leave, they can qualify for the reimbursement. However, if they can telework from home, then they cannot qualify for the childcare reimbursement.

Can an employer make up the difference if the \$200 Family and Medical Leave Act (FMLA) limit is under their regular work pay? Yes, but you will not be reimbursed by the government over the \$200/day.

If you own multiple businesses, can you apply for each business on the Payment Protection Program (PPP)? Yes, but pay attention to the affiliation guidelines. You also need to add up the employees from each business and be under the 500 employees' threshold.

Can you clarify if healthcare workers are excluded from the FMLA benefit? Generally, yes, but check the FMLA website at <https://www.dol.gov/agencies/whd/fmla>.

What is the interest rate on the amount of a PPP loan that is not forgiven by the federal government? It will be a 2-year loan at 1%.

I am the sole proprietor of an LLC; can I apply for the Payment Protection Program (PPP)? You should, but the amount you will have available will be limited.

If I take a grant for \$10,000, can I still be denied the loan? Yes.

What happens if my loan is not funded? The Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL) have separate funds. Congress is considering allocating additional dollars for these programs.



Can an employer require a doctor's note if they are requesting to stay home? That depends on your state's laws. You can access Nevada's information at <http://labor.nv.gov/>.

Is the forgiveness of the debt taxable? No.

Do you have an estimate on time for the SBA processing the Economic Injury Disaster Loan (EIDL) application? No, Nevada SBA has indicated that it will be two to three weeks.

I am applying for the Paycheck Protection Program (PPP) for coverage and I want to apply for Economic Injury Disaster Loan (EIDL); will this conflict? Affiliation rules can apply for non-profits if you control both non-profits. Be aware of affiliation rules.

Is the Paycheck Protection Program (PPP) available to every small business? In general, small businesses are eligible to apply. However, the business must have fewer than 500 employees and you are eligible, even as a C3 nonprofit. There are some other qualifications by the SBA per industry allowing more employees.

What power do the banks have from the Federal government (?) on who gets the loans? There are no regulations for that. Banks do have obligations and certain guidelines that they must follow such as anti-laundering rules. There will be more financial institutions available to offer loans. Some banks are hitting lending limits, but the Federal government (?) is going to take these monies off i books.

For affiliation purposes, if one owner has shares and multiple businesses but does not participate in any of the operations of the businesses, how does that work? Check the affiliation rules, so if he is a majority shareholder, there may be affiliation.

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