

Resources for Small Businesses and Business Owners

I need help meeting my business's financial obligations over the coming weeks.

Included in *H.R. 6074, the Coronavirus Preparedness and Response Supplemental Appropriations Act (known as Package 1)*, which Senator Tillis supported, is funding to enable the Small Business Administration (SBA) to make up to \$7 billion worth of small business loans.

SBA Economic Injury Disaster Loan Program

- Small businesses suffering substantial economic injury from the Coronavirus (COVID-19) may be eligible to receive low-interest federal disaster loans through the SBA
- Specifically, SBA's Economic Injury Disaster Loans offer:
 - o Up to \$2 million in assistance to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact
 - o The interest rate is 3.75% for small businesses and 2.75% for non-profits
 - o SBA offers long-term repayment to keep payments affordable, up to a maximum of 30 years. Terms are determined case-by-case, based upon borrower's ability to repay
- Following a request received from a state's or territory's Governor, SBA will issue under its own authority, an Economic Injury Disaster Loan declaration allowing these loans to begin flowing to impacted businesses
- On March 17, 2020, Senator Tillis, along with Representatives Hudson and Price, sent a letter to SBA urging them to consider North Carolina's request as quickly as possible: approval was granted the following day on March 18th

Additional information and available at <https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>

My business cannot afford the paid leave requirements passed by Congress.

H.R. 6201, the Families First Coronavirus Response Act (known as Package 2) requires employers to provide temporary paid leave to employees who cannot attend work due to personal medical needs, caregiving needs, or childcare needs. Included in H.R. 6201 is a refundable payroll tax credit to reimburse employers – dollar for dollar – for expenses they incur for paid sick leave and family and medical leave as well.

Additionally, small businesses under 50 employees may apply for a waiver from the Department of Labor (DOL) to exempt them from paid leave requirements if it would place them in significant financial hardship.

My business cannot afford the cash-flow issues that paid leave and a refundable tax credit would create.

In a press release, Department of the Treasury Secretary Steven Mnuchin announced, “To protect businesses concerned about cash flow, the Treasury will use its regulatory authority to advance funds to employers in a number of ways. Employers will be able to use cash deposited with the IRS to pay sick leave wages. Additionally, for businesses that would not have sufficient taxes to draw from, Treasury will use its regulatory authority to make advances to small business to cover such costs.”

I am upset that large businesses are left out of the paid leave requirements, small businesses have an exemption process, but my medium-sized business has neither.

The paid leave requirements are designed to be temporary and with the goal of covering as many Americans as possible for the worst of the COVID-19 outbreak. Per Department of Labor (DOL) statistics, 89% of large companies (defined as 500+ employees) already have paid leave regimes in place. With this in mind, Congress decided to focus the paid leave on medium and small-sized businesses. Small businesses (under 50 employees) were specifically provided an exemption process as they generally, have the fewest resources and redundancies to cover unexpected costs.

Filing taxes is not something I or my business can handle right now.

On March 17, 2020, Department of the Treasury Secretary Steven Mnuchin announced a three-month extension for tax filings. Specifically, this allows individuals to defer filing up to \$1 million worth of earnings without incurring interest or penalties. Likewise, businesses are allowed to defer up to \$10 million. This is designed to reduce burdens on small businesses and business owners, many of whom pass through their taxes on their individual returns.

Congress needs to do more to help during this time.

The provisions passed in Package 1 and Package 2 are just the beginning, and additional help is on the way. Another round of economic stimulus, known as Package 3 is currently being considered. The Administration released their asks for Package 3 on March 17, 2020, and they include:

Small Business Interruption Loans

- Authorize and appropriate \$300 billion for qualifying small business interruption loans
- Eligible borrowers: employers with 500 employees or less
- Loan amounts: 100% of 6 weeks of payroll, capped at \$1540 per week per employee (approx. \$80,000 annualized)

- Borrower requirement: Employee compensation must be sustained for all employees for 8 weeks from the date the loan is disbursed
- Streamlined underwriting process: Lender verifies the previous 6-week payroll amount and later verifies that the borrower has paid 8 weeks of payroll from date of disbursement

Economic Impact Payments

- Authorize and appropriate funds for two rounds of direct payments to individual taxpayers, to be administered by the IRS and Bureau of the Fiscal Service
- \$250 billion to be issued beginning April 6, \$250 billion to be issued beginning May 18

Payment amounts would be fixed and tiered based on income level and family size. Treasury is modeling specific option.

[Additional Resources for Business Owners](#)

The North Carolina Small Business and Technology Development Center (SBTDC) system is designed to provide assistance to businesses, especially during disaster recovery. If you are a small or medium-sized business, you can contact your local SBTDC for help assessing the financial impacts on your business, assistance in reconstructing financial statements, evaluations of your credit options, and aid in applying for Small Business Administration (SBA) disaster loans. The SBTDC system provides these services at no cost. To schedule an appointment with a business counselor, call 800-228-8433.