



INFORMATION FOR SMALL BUSINESSES ON THE PAYCHECK PROTECTION PROGRAM

Where can I apply for the Paycheck Protection Program?

The United States Treasury's Paycheck Protection Program authorizes up to \$349 billion toward job retention and other expenses for the millions of Americans employed by small businesses.

Small businesses and eligible nonprofit organizations, veterans' organizations, and Tribal businesses described in the Small Business Act, as well as individuals who are self-employed or are independent contractors, are eligible if they also meet program size standards. Treasury issued the following information today:

- For a top-line overview of the program click [HERE](#)
- If you're a lender, more information can be found [HERE](#)
- If you're a borrower, more information can be found [HERE](#)
- The application for borrowers can be found [HERE](#)
- The Paycheck Protection Program - Interim Final Rule can be found [HERE](#)

Who is eligible for the loan?

You are eligible for a loan if you are a small business that employs 500 employees or fewer, or if your business is in an industry that has an employee-based size standard through Small Business Administration (SBA) that is higher than 500 employees. In addition, if you are a restaurant, hotel, or a business that falls within the North American Industry Classification System (NAICS) code 72,

“Accommodation and Food Services,” and each of your locations has 500 employees or fewer, you are eligible.

Tribal businesses, 501(c)(19) veteran organizations, and 501(c)(3) nonprofits, including religious organizations, will be eligible for the program. Nonprofit organizations are subject to SBA’s affiliation standards. Independently owned franchises with under 500 employees, who are approved by SBA, are also eligible. Eligible franchises can be found through SBA’s Franchise Directory.

I am an independent contractor or gig economy worker; am I eligible?

Yes. Sole proprietors, independent contractors, gig economy workers, and self-employed individuals are all eligible for the Paycheck Protection Program.

What is the maximum amount I can borrow?

The amount any small business is eligible to borrow is 250 percent of their average monthly payroll expenses, up to a total of \$10 million. This amount is intended to cover eight weeks of payroll expenses and any additional amounts for making payments towards debt obligations. This eight-week period may be applied to any time frame between February 15, 2020, and June 30, 2020.

Seasonal business expenses will be measured using a 12-week period beginning February 15, 2019, or March 1, 2019, whichever the seasonal employer chooses.

What is the covered period of the loan?

The covered period during which expenses can be forgiven extends from February 15, 2020, to June 30, 2020. Borrowers can choose which eight weeks they want to count towards the covered period, which can start as early as February 15, 2020.

How can I use the money such that the loan will be forgiven?

The amount of principal that may be forgiven is equal to the sum of expenses for payroll, existing interest payments on mortgages, rent payments, leases, and utility service agreements. Payroll costs include employee salaries (up to an annual rate of pay of \$100,000), hourly wages and cash tips, paid sick or medical leave, and group health insurance premiums.

If you would like to use the Paycheck Protection Program for other business-related expenses, like inventory, you can, but that portion of the loan will not be forgiven.

When is the loan forgiven?

The loan is forgiven at the end of the eight-week period after you take out the loan. Borrowers will work with lenders to verify covered expenses and the proper amount of forgiveness.

How much of my loan will be forgiven?

The purpose of the Paycheck Protection Program is to help you retain your employees, at their current base pay. If you keep all of your employees, the entirety of the loan will be forgiven.

You will owe money when your loan is due if you use the loan amount for anything other than payroll costs, mortgage interest, rent, and utilities payments over the 8 weeks after getting the loan. Not more than 25% of the forgiven amount may be for non-payroll costs. You will also owe money if you do not maintain your staff and payroll.

Am I responsible for interest on the forgiven loan amount?

No, if the full principal of the Paycheck Protection Program loan is forgiven, the borrower is not responsible for the interest accrued in the eight-week covered period. The remainder of the loan that is not forgiven will operate according to the loan terms agreed upon by you and the lender.

What are the interest rate and terms for the loan amount that is not forgiven?

The interest rate of the loan will be 1.0% and the maturity of the loan will be two years.

You will not have to pay any fees on the loan, and collateral requirements and personal guarantees are waived. Loan payments will be deferred for six months following the date of disbursement of the loan.

When is the application deadline for the Paycheck Protection Program?

Applicants are eligible to apply for the Paycheck Protection Program loan until June 30th, 2020.

I took out a bridge loan through my state, am I eligible to apply for the Paycheck Protection Program?

Yes, you can take out a state bridge loan and still be eligible for the Paycheck Protection Program loan.

What is the Employee Retention Credit?

The CARES Act creates a refundable payroll related tax credit that is designed to help businesses, or eligible employers, keep employees on the payroll when COVID-19 forces the business to suspend or close its operations. The tax credit is equal to 50% of wages and compensation. There is an overall limit on wages per employee of \$10,000. The credit is provided through December 31, 2020.

Employers are eligible if they have been fully or partially suspended as a result of a government order, or if they experience a 50 percent reduction in quarterly receipts as a result of the crisis.

- For employers with 100 or fewer full-time employees, they may claim a credit for wages paid to all of their employees, up to \$10,000 a person.
- For employers with more than 100 employees, they may claim a credit for those employees who are furloughed or face reduced hours as a result of the employer's closure or economic hardship.

This tax credit is not available if the employer takes an SBA paycheck protection loan.

If I have applied for, or received an Economic Injury Disaster Loan (EIDL) related to COVID-19 before the Paycheck Protection Program became available, will I be able to refinance into a Paycheck Protection Program loan?

Yes. If you received an EIDL loan related to COVID-19 between January 31, 2020 and April 3, 2020, you can apply for a Paycheck Protection Loan. If your EIDL loan was not used for payroll costs, it does not affect your eligibility for a Paycheck Protection Program loan. If your EIDL loan was used for payroll costs, your Paycheck Protection Program loan must be used to refinance your EIDL loan. Proceeds from any advance up to \$10,000 on the EIDL loan will be deducted from the loan forgiveness amount on your Paycheck Protection Program loan.

I have more questions; where can I get answers?

My staff and I are here to serve you. You can visit my [website](#), contact me at (501) 324-5941, or email me at french.hill@mail.house.gov. We will get you the information you need.