

## Small Business Loan, Grant, and Tax Resources

*Note: The below is meant to be informational only, and not financial, investment, or legal advice. Please consult with your accountant or attorney for additional information.*

**SBA Loan Programs (learn more at <https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>):**

### Disaster Loans

Designed to cover economic injury incurred as the result of a disaster

Can provide up to \$2 million in relief, at a rate of 3.75%, with repayment windows up to 30 years

SBA also provides a \$10,000 Economic Injury Disaster Loan advance, with funds available three days after completion of a successful application

### 7(a) Loan Relief & 7(a) Generally

Currently, SBA is paying the principal and interest of 7(a) loans for six months

May be on a current loan, or on a new 7(a) loan made prior to September 27, 2020

7(a) program offers loan amounts up to \$5,000,000 and is an all-inclusive loan program deployed by lending partners for eligible small businesses within the U.S. States and its territories.

The uses of proceeds include:

- Working capital;
- Expansion/renovation;
- New construction;
- Purchase of land or buildings;
- Purchase of equipment, fixtures;
- Lease-hold improvements;
- Refinancing debt for compelling reasons;
- Seasonal line of credit;
- Inventory;
- or starting a business.

### Express Disaster Bridge Loan and Express Loans Generally

For small businesses with existing business relationships with SBA Express lenders, up to \$25,000 in bridge financing is available while awaiting a decision on an Economic Injury Disaster Loan

The loan can be repaid in part or in full with funding from an Economic Injury Disaster Loan Express loan program provides loans up to \$350,000 for no more than 7 years with an option to revolve. There is a turnaround time of 36 hours for approval or denial of a completed application. The uses of proceeds are the same as the standard 7(a) loan.

Community Advantage loan pilot program allows mission-based lenders to assist small businesses in underserved markets with a maximum loan size of \$250,000. The uses of proceeds are the same as the standard 7(a) loan.

504 loan program is designed to foster economic development and job creation and/or retention. The eligible use of proceeds is limited to the acquisition or eligible refinance of fixed assets.

Microloan program involves making loans through nonprofit lending organizations to underserved markets. Authorized use of loan proceeds includes working capital, supplies, machinery & equipment,

and fixtures (does not include real estate). The maximum loan amount is \$50,000 with the average loan size of \$14,000.

Paycheck Protection Loans: SBA will guarantee loans with terms of up to 10 years and interest rates of up to 4% to businesses with fewer than 500 employees. Businesses can qualify for loans of up to \$10 million, and the loans will be provided by lenders including banks and credit unions. Eligible businesses can get loan deferment for six months to a year, and the loan may be forgiven if the businesses maintains its payroll for eight weeks at employees' normal salary levels.

**Tax Issues (see: <https://evergreensmallbusiness.com/covid-19-small-business-tax-relief/>)**

**Shifting of IRS Tax Window:**

- Federal tax return filing deadline now July 15

- For tax payments up to \$10 million, deadline for payment also now July 15

- Estimated tax payments due on April 15 now due July 15

**Payroll Tax Deferment:**

- Employers do not need to pay 2020 payroll tax, and can instead shift half of the 2020 tax into 2021, and the other half into 2022

**Net Operating Loss Carrybacks:**

- Where a net operating loss is realized because of ongoing virus impacts, a loss may be carried back and taken as a deduction on a prior year return where taxes were paid

**Unemployment Benefits (see: <https://www.forbes.com/sites/advisor/2020/03/25/what-you-need-to-know-about-expanded-unemployment-benefits-for-covid-19/#4275ef0436e4>)**

**Expansion of Unemployment Insurance:**

- Expands unemployment insurance from three to four months, and provides temporary unemployment compensation of \$600 per week, which is in addition to and the same time as regular state and federal UI benefits

- Part-time, self-employed and gig economy workers now have access to UI benefits

  - Be sure to have sufficient documentation of self-employed compensation, and have filed taxes previously; documentation requirements likely to vary by state

- Furloughed employees can access unemployment benefits as well

- Allows employers to receive an advance tax credit from the Treasury instead of having to be reimbursed on the back end

- \$260 billion investment into the unemployment insurance program

- Creates regulatory authority to implement the tax credit advances

**State and Local Relief Programs:**

- Almost all states, and many local municipalities, are offering forms of relief as well in addition to the federal programs. Using Maryland as an example:

  - Maryland Small Business COVID-19 Emergency Relief Grant Fund (see

  - <https://commerce.maryland.gov/fund/maryland-small-business-covid-19-emergency-relief-grant-fund>)

  - This COVID-19 Emergency Relief \$50M Grant Fund offers working capital to assist Maryland small businesses and nonprofits with disrupted operations due to COVID-19.

Grant assistance is intended to provide interim relief complementing actions with its bank, business interruption insurance, and financial partners.

#### GENERAL TERMS AND CONDITIONS

- Grants up to \$10,000 not to exceed 3 months of cash operating expenses for Maryland businesses and nonprofits impacted by the COVID-19 with 50 or fewer employees.
- Must be established prior to March 9, 2020.
- Business must be in good standing.
- Applicants must have employees on their payroll for whom they have had payroll taxes withheld (i.e. W-2 employees).
- Annual Revenues of the business or nonprofit not to exceed \$5 million as evidenced by Financial Statement or other financial documentation.
- Business or nonprofit is expected to seek longer term funding through its bank, SBA, or other source.
- Eligible uses include: working capital to support payroll expenses, rent, mortgage payments, utility expenses, or other similar expenses that occur in the ordinary course of operations.

Montgomery County, MD Small Business Relief Grants (see [https://www.montgomerycountymd.gov/COUNCIL/Resources/Files/agenda/col/2020/20200324/20200324\\_3-5.pdf](https://www.montgomerycountymd.gov/COUNCIL/Resources/Files/agenda/col/2020/20200324/20200324_3-5.pdf))

\$20 million proposed in small business relief

Grants of up to \$75,000 for businesses with up to 100 employees

Additional \$2,500 grants to offset costs incurred in setting up employee remote work

Each state and municipality will vary in terms of the relief available, and the limits and requirements for each business to be eligible, but this relief is in addition to federal programs