

Coronavirus (COVID-19): Small Business Guidance & Loan Resources

What You Need to Know About Getting Financial Stimulus Money

Both manufacturers and integrators are eligible for SBA loans for two months of payroll, and repayment will be forgiven if the rules are followed.

The \$2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act Phase III Stimulus package couldn't come soon enough for many small businesses, including both manufacturers and integrators, affected by the coronavirus economic shutdown. Scouring multiple news sources, here is the information *CE Pro* has gleaned from the law that applies to consumer electronics manufacturers and custom integration companies. Of course, integrators should consult their own financial advisors and tax consultants on the law.

What's in the Stimulus Package for Small Businesses?

The bipartisan legislation signed into law by President Trump sets aside hundreds of billions of dollars in available funds specifically for small businesses to obtain loans from the federal government. The program has \$349 billion in loans that will be specifically administered by the Small Business Administration (SBA). This \$349 billion "Paycheck Protection Program" is separate from the \$50 billion in SBA loans that was put into law several weeks ago as part of the Phase II Stimulus package. Moreover, there is another \$454 billion that will be administered by new lending agency managed by Treasury Secretary Stephen Mnuchin. Other major industries, including the airlines and companies linked to national security, will have separate funds available

Who Qualifies and How Do You Get a Loan?

Any small for-profit business with fewer than 500 employees is eligible for a loan. To obtain a loan, qualifying small businesses are asked to simply go to their local FDIC-insured bank. Indeed, speaking to reporters yesterday, Mnuchin said small businesses in many cases will be able to walk out of the bank with the money in hand in one day. In an effort to eliminate red tape, there is no hefty government website application. The loans are not like SBA Physical Business Disaster loans familiar to most people that are linked to natural disasters. Businesses that are facing the prospect of bankruptcy from the coronavirus outbreak will have a separate program in which they can participate.

How Much of a Loan Can You Get?

Small businesses can obtain a loan that covers 2.5 of payroll, not exceeding \$10 million. So if your regular payroll is \$20,000, you can get \$50,000. Also, payroll above \$100,000 for any individual employee is not covered. Portions of the loans can also be used for debt obligations, mortgage interest, rent payments, utility payments, and payroll support. The loans themselves must be secured for a term of no longer than 5 years. Businesses will be eligible for the loans through December 31, 2020.

The bill also provides \$10 billion for "emergency grants" of up to \$10,000 per company for small businesses that need to cover immediate operating costs.

Is the Loan Forgiven?

Borrowers are eligible for loan forgiveness equal to the amount spent during an 8-week period after the origination date of the loan on payroll costs, mortgage interest, rent or utilities. While the loan is in place, employers must maintain the same employment level within their company as they had on March 13, 2020. In addition, there are limits on the amount of compensation that can go to the owner of the company up until March 1, 2022.

What Can Individuals Get?

The CARES Act also includes relief for individuals, including expanded unemployment benefits for workers and direct payments by the government. Specifically, individuals earning less than \$75,000 (adjusted gross income) will receive a one-time check for \$1,200. Families with children will receive \$500 per child. Married couples earning less than \$150,000 jointly with no children will receive \$2,400. The payouts scale with diminishing amounts up to \$99,000 for individuals and \$198,000 for married couples. Payouts are expected to be out within three weeks, according to Mnuchin. Importantly, self-employed integrators and 1099 workers are also eligible.

Individuals who are on unemployment insurance will get a \$600 boost in their unemployment disbursement per week. Also, self-employed people and independent contractors are now newly eligible for these unemployment benefits. People who are diagnosed with the virus and unable to work, or self-quarantining to possible exposure, are also eligible.

Canadian Stimulus Program

Canada has proposed a program for its citizens during this turbulent time. It includes a doubling of the payroll exemption for businesses from \$490,000 up to \$1 million in payroll; a suspension of any penalties related to non-payment of sales taxes for alcohol, tobacco, fuel and other items until August 31; a special tax credit for business investment; and suspension of property tax reassessments.