There are many questions surrounding the CARES Act, particularly the loan programs available. At Landmark, we are diving deep into the provisions and will continue to generate information to update you on the different strategies and funding available. Below is a recap of the Paycheck Protection Program (PPP) and the SBA Economic Injury Disaster Loan (EIDL) as well as the documentation you’ll need to apply for either of these.

**PAYCHECK PROTECTION PROGRAM (PPP)**

The CARES Act has introduced the Paycheck Protection Program (PPP) SBA loan. The PPP provides small businesses with funds to pay up to eight weeks of payroll costs including certain benefits. Funds can also be used to pay interest on covered mortgages, rent, and utilities. PPP loans are unique in that they can be forgiven if used for payroll and other approved costs (depending on various factors). These loans could provide a much-needed source of funding, and if used correctly, are “forgivable” and could turn into a tax-free grant for the entity. The PPP loan is generally limited to 2.5 times your average monthly payroll cost during the past year, so there may be other sources of funding to explore to meet your needs.

**SBA ECONOMIC INJURY DISASTER LOAN (EIDL)**

The EIDL program could provide a larger initial source of funding and could also provide funding quicker than the PPP. EIDL loans are available through the SBA website. When applying for the EIDL, you can request an immediate grant up to $10K, based on income and expense information, that could arrive within 72 hours. Applicants are not required to repay the grant, even if denied the loan. The appropriate box to request this must be marked on the EIDL application.

**WHAT YOU NEED TO APPLY**

If you are interested in looking at the financing options for the PPP loans, EIDL loans, or other available financing, you will need the following data to get started on the loan application process: All of the documents you need can be found on the COVID-19 Resources page of our website at: [www.landmarkcpas.com/covid-19](http://www.landmarkcpas.com/covid-19).
WHAT YOU NEED TO APPLY

• For an EIDL loan, you’ll need a completed SBA EIDL loan application.
• For a PPP loan, the applications will be done at the local bank level. The PPP application is available on our website. If you need help locating an SBA lender, please contact us.
• Tax Information Authorization (IRS Form 4506T). This may not be needed in all cases, but it is still a good idea to complete for the entity and owners
• Most recent 2-3 years of Federal Tax Returns for the entity and owners, as applicable
• Trailing 12 months P&L
• Payroll forms and data for all of 2019 and available 2020 payroll data.

PAYROLL COSTS INCLUDE:

• Salary, wage, commission, or similar compensation
• Payment of cash tip or equivalent
• Payment of vacation, parental, family, medical or sick leave
• Allowance for dismissal or separation
• Payment of group health care benefits including premiums
• Payment of any retirement benefits
• Payment of state or local tax assessed on employee compensation
• The sum of payments of any compensation to or income of a sole proprietor or independent contractor that is a wage, commission, income, net earnings from self-employment, or similar compensation and that is not more than $100,000 in one year, as prorated for the covered period.

PAYROLL COSTS DO NOT INCLUDE THE FOLLOWING:

• Compensation of an individual in excess of $100,000 (annualized)
• Qualified sick leave wages for which a credit is allowed under the Families First Coronavirus Response Act (FFCRA)
• Qualified family leave wages for which a credit is allowed under the FFCRA

QUESTIONS?

We can assist in completing many of these schedules and forms as well as providing other guidance and assistance as needed. In addition to the loan programs, there are other options for employment tax credits, payment deferrals, and various tax planning and retirement plan strategies that do not involve lending, depending on how the entity and workforce is being impacted.

We are here to help. Please let us know how we can assist you.