

May 13, 2020

How the CARES Act Can Help Your Business

The Coronavirus Aid, Relief, and Economic Security (CARES) Act passed through Congress on March 27, 2020. The initial act secured \$2 trillion in economic aid for American workers, families, and small businesses as well as job preservation efforts. While some provisions under the CARES Act only apply to small businesses, the CARES Act offers financial support to businesses of all sizes as part of its focus on preserving jobs. Here are a few of the more common questions businesses are asking in the current economic climate:

- *Do you need a fast infusion of cash to cover your immediate expenses?*
Consider an Emergency Economic Injury Loan.
- *Are you concerned about keeping up with payments on a current or potential SBA loan?*
Review the details pertaining to The Small Business Debt Relief Program.
- *Do you need counseling to help navigate your uncertain COVID economic challenges?* **Utilize the free consulting services through the network of Small Business Development Centers.**
- *Does your business need capital to cover the cost of retaining employees?*
Check out the Paycheck Protection Program.

The CARES Act and Small Businesses

Paycheck Protection Program

The Small Business Administration (SBA) and Department of the Treasury implemented the Paycheck Protection Program as part of the CARES Act to help small businesses continue paying employees, rehiring employees they may have laid off, as well as covering overhead costs. The program provides small businesses with up to eight weeks' worth of payroll costs including health benefits. The program allows businesses to use the funds for costs such as rent and utilities as well.

The program authorized up to \$349 billion in job retention efforts as well as other expenses small businesses may accrue. The government added an additional \$310 billion to the program on April 24. While the program aims to assist small businesses, multiple other parties that meet eligibility requirements can qualify for economic assistance under the Paycheck Protection Program including non-profits, organizations for Veterans, certain Tribal businesses, self-employed individuals, and independent contractors.

Economic Injury Disaster Loans

Many small businesses have taken a financial hit as people practice social distancing and states issue orders for non-essential businesses to close. For small businesses experiencing a loss of revenue due to COVID-19, they can apply for an Economic Injury Disaster Loan. The loan provides an advance of up to \$10,000, which small businesses do not have to repay. The CARES Act limits this program to businesses employing fewer than 500 individuals, private non-profits, and organizations for Veterans. Some businesses employing more than 500 employees can apply for the loan if their company meets SBA's size criteria for their industry.

The CARES Act and Job Preservation

Businesses of all sizes can apply for credits or financial support under the CARES Act in the following ways:

- **Employee Retention Credit:** Employers facing economic challenges due to COVID-19 can apply for this 50% credit to help keep paying employees on payroll up to \$10,000 of wages from March 13 through December 31 of 2020.
- **Payroll Tax Deferral:** To help improve cash flow, businesses and self-employed individuals can defer their Social Security tax payments. They can repay the deferred payments over the course of the next two years with half due by the end of 2021 and the second half due by December 31, 2022.
- **Additional Tax Credits:** The IRS is offering tax credits to qualifying small and mid-sized businesses to help them cover paid sick leave and family leave.

The CARES Act aims to offer meaningful financial aid to American businesses and employees during this unprecedented time. Patriot Growth Insurance Services understands the challenges businesses are facing in light of COVID-19 and we are here to support you.

[Contact us to learn how Patriot and our partner agencies can assist your company.](#)

Helpful Links:

SBA District Offices: <https://www.sba.gov/tools/local-assistance/districtoffices/>

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