

CORONAVIRUS TAX UPDATE

INCOME TAX FILING AND PAYMENT RELIEF

- The Federal April 15th tax filing and tax payment deadlines have been extended to July 15th. Delayed tax payments are only allowed for federal income tax payments and federal estimated income tax payments that would normally be due April 15, 2020. These payments are now due July 15, 2020.
- This delayed payment opportunity could result in significant tax payments being due in June/July after taking into account that 2nd quarter 2020 estimated tax payments are currently due June 15, 2020.
- The Louisiana Department of Revenue has extended the filing and tax payment deadlines for any Partnership, Individual, Fiduciary, and Corporate income tax returns originally due April 15th and May 15, 2020 until July 15, 2020.
- At this point in time, the Louisiana Department of Revenue has not extended the 1st quarter 2020 estimated tax payment beyond the original April 15, 2020 due date.
- The Federal Gift Tax Return filing deadline and the deadline for paying federal gift or generation skipping transfer tax has been extended from April 15, 2020 to July 15, 2020.
- We will work with you to develop a plan on filing or extending your 2019 tax returns.

RECOVERY REBATES

- Recovery rebates are being treated as advance refunds of a 2020 tax credit.
- Individuals will receive: \$1,200 (single) or \$2,400 (married filing joint) plus \$500 for each qualifying child.
- The credit will start to phase out for taxpayers with adjusted gross income (AGI) above:
 - Joint filers - \$150,000
 - Head of household filers - \$112,500
 - Single filers - \$75,000
- This rebate is not available to nonresident aliens, individuals who can be claimed as a dependent by another taxpayer, or estates and trusts.
- Taxpayers will reduce the amount of the credit available on the 2020 tax return by the amount of the advance payment received.

EMPLOYEE/PAYROLL TAX CREDITS

PAID SICK LEAVE CREDIT

Employees of eligible employers can receive two weeks (up to 80 hours) of paid sick leave at 100% of the employee's pay where the employee is unable to work because the employee is quarantined, and/or experiencing COVID-19 symptoms, and seeking a medical diagnosis. The

PAID SICK LEAVE CREDIT (continued)

employer may receive a refundable sick leave credit for sick leave at the employee's regular rate of pay, up to \$511 per day and \$5,110 in the aggregate, for a total of 10 days.

Employees who are unable to work because of a need to care for an individual subject to quarantine, to care for a child whose school is closed or child care provider is unavailable for reason related to COVID-19 can receive two weeks (up to 80 hours) of paid sick leave at 2/3 the employee's pay. Employees who are unable to work due to a need to care for a child whose school is closed, or child care provider is unavailable for reasons related to COVID-19, may in some instances receive up to an additional 10 weeks of expanded paid family and medical leave at 2/3 the employee's pay. The employer may receive a refundable credit for two-thirds of the employee's regular rate of pay, up to \$200 per day and \$2,000 in the aggregate, for up to 10 days.

CHILD CARE LEAVE CREDIT

In addition to the sick leave credit, for an employee who is unable to work because of a need to care for a child whose school or child care facility is closed or whose child care provider is unavailable due to the Coronavirus, eligible employers may receive a refundable childcare care leave credit. This credit is equal to two-thirds of the employee's regular pay, capped at \$200 per day or \$10,000 in the aggregate. Up to 10 weeks of qualifying leave can be counted towards the child care leave credit.

Both the Paid Leave Credit and the Child Care Leave Credit start April 1st. The IRS stated it will release forms for these credits this week.

EMPLOYEE RETENTION CREDIT

This credit is for wages paid to employees who are not working due to the employer's full or partial cessation of business or a significant decline in gross receipts due to the coronavirus pandemic. Eligible employers may be eligible for a credit against employment taxes equal to 50% of qualified wages (up to \$10,000 in wages) for each employee. The credit applies to wages paid after March 12, 2020 and before January 1, 2021. For employers with more than 100 employees, wages eligible for the credit are wages that the employer pays employees who are not providing services due to the suspension of the business or a drop in gross receipts. For employers with 100 or fewer employees, all wages paid qualify for the credit. This credit is not eligible for employers who receive a Paycheck Protection Program SBA loan.

PAYROLL TAX DELAY

Payments of 50% of 2020 employer payroll taxes and self-employment taxes are delayed until December 31, 2021, with the remaining 50% due December 31, 2022. Note this is not available to employers who receive a Paycheck Protection Program SBA loan.

RETIREMENT PLANS

Taxpayers can take up to \$100,000 in coronavirus-related distributions from retirement plans without being subject to any early distribution penalty. An eligible taxpayer is an individual (or the spouse or dependent of an individual) who has been diagnosed with COVID-19 disease with a CDC approved test or who experiences adverse financial consequences as a result of quarantine, business closure, layoff, or reduced hours due to the virus. Any resulting income inclusion can be taken over three years and taxpayers may recontribute the withdrawn amounts to a qualified retirement plan without regard to annual caps on contributions if made within three years. Eligible distributions may be taken up to December 31, 2020.

Required minimum distributions are suspended for 2020.

Loans of up to \$100,000 from qualified plans are allowed and repayment can be delayed.

OTHER TAX ITEMS

An above-the-line deduction of up to \$300 for charitable contributions made by an individual will be allowed for 2020. This opportunity is available for those taxpayers that do not itemize their deductions.

Cash charitable contributions made by individuals will be limited to 100% of adjusted gross income for 2020. This provision doesn't apply to non-cash donations, donations to a private foundation, or a donor advised fund.

Charitable contributions for corporations will be limited to 25% of taxable income for 2020.

Qualified improvement property – the technical correction has been made to change this property to 15 year property under Sec. 168.

Net operating losses - the 80% income limitation is temporarily repealed for net operating loss deductions for tax years beginning before 2021. For losses arising in 2018, 2019, and 2020, a five-year carryback is allowed (taxpayers can elect to forgo the carryback).

Excess loss limitations - Sec. 461(l) excess loss limitation is repealed with this bill. Sec 461(l) was added to the Code by the law known as the Tax Cuts and Jobs Act which disallowed excess business losses of non-corporate taxpayers if the amount of the loss exceeds \$250,000 (\$500,000 for married taxpayers filing jointly.)

Corporate alternative minimum tax (AMT) - AMT credit is modified for corporations to make it a refundable credit for the 2018 tax year.

Interest limitation – For tax years beginning in 2019 and 2020, Sec. 163(j) is amended to increase the adjusted taxable income percentage from 30% to 50%. Taxpayers can elect to use 2019 income in place of 2020 for the computation.

Tax information is changing daily and we will continue to update you.

As always, stay safe and let your Bourgeois Bennett representative know how we can assist you during this time.

April 2, 2020

SBA Loan Comparisons

7(b) Economic Injury Disaster Loan (EIDL)

7(a) Paycheck Protection Program (PPP)

General		Interim Final Rules still in comment period
Application deadline	For COVID-19, June 30, 2020	June 30, 2020
Maximum loan amount	\$2 million	\$10 million or formula-based, whichever is less. Formula includes average monthly payroll during the period of either (1) calendar year 2019, or (2) 12-month period immediately preceding the loan application date. Payroll for loan base excludes Independent Contractors. \$100,000 max qualified payroll per individual is defined as cash comp before any benefits.
Interest rate	3.75% for small businesses 2.75% for nonprofits	1.0%
Maximum term	30 years	2 years
Eligibility	Sole proprietors and independent contractors. Small business entities in all US states, Washington, DC, and territories; small agricultural cooperatives; private NFPs; ESOPs; tribal small business concerns; -all with not more than the greater of (1) 500 employees or, (2) if applicable, the number of employees established under the SBA Size Standards for the entity's industry classification as determined by the entity's NAICS code. Certain religious entities and businesses related to the cannabis industry are not eligible.	Sole proprietors and independent contractors may apply beginning 4/10/20. Business entities, NFPs, veterans organizations, and Tribal business concerns with no more than the greater of (1) 500 employees or, (2) if applicable, the NAICS size standard in number of employees for the industry in which the entity, organization, or concern operates. Businesses assigned a NAICS code beginning with 72 that have multiple locations are eligible, provided no single location has more than 500 employees. Alternatively, businesses which, as of 3/27/20, have both a maximum tangible net worth of \$15 million or less and average net income after federal income taxes (excluding carryover losses) for 2 years before application of \$5 million or less are eligible. Credit elsewhere test is waived.
Allowable uses of proceeds	Real estate, personal property, economic injury, machinery and equipment, inventory, active military duty; pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact; working capital loans based on the actual expenses and obligations of a business unavailable from other sources.	Payroll costs, continuation of group health care benefits, salaries, commissions, other compensation, mortgage interest payments, rent, utilities, interest on debt obligations that pre-date the Covered Period

SBA Loan Comparisons

7(b) Economic Injury Disaster Loan (EIDL)

7(a) Paycheck Protection Program (PPP)

Forgiveness	Available for any loan commenced between 1/31/20 and 4/3/20 for which the remaining balance was refinanced under PPP.	Conditional and limited. Up to 8 weeks of payroll, rent, utilities, and/or mortgage interest payments, beginning on the origination date of a covered loan. Payroll for any one individual may not exceed \$100,000. The amount forgiven may not exceed the principal, and it may be reduced based on a reduction in number of employees or salary and wages paid, with exemptions for re-hires. Six month deferral of initial repayment. Not more than 25 percent of the loan forgiveness amount may be attributable to nonpayroll costs. Payments to Independent Contractors do not qualify for forgiveness. Borrower will have to document the proceeds used for payroll costs in order to determine the amount of forgiveness. Proceeds from any advance up to \$10,000 on an EIDL loan refinanced under the PPP will be deducted from the loan forgiveness amount.
Collateral requirements	Loans over \$25,000	None
Conditions	Business must demonstrate that it has sustained or anticipates sustaining an economic injury such as a loss of sales or revenue. Applicant business must have been in operation on January 31, 2020.	Business must have been in operation on February 15, 2020 and had employees for whom the borrower paid salaries and payroll taxes. Sole practitioners and independent contractors must have received wages, commissions, income, or net earnings from self-employment or similar compensation. Borrower must certify that (a) current economic uncertainty makes this loan request necessary to support the ongoing operations of the applicant. (b) The funds will be used to retain workers and maintain payroll or make mortgage interest payments, lease payments, and utility payments. Treatment of K-1 compensation for purposes of PPP remains unclear.
Duplicate requests	A business may apply for an EIDL even if it has other sources of credit.	A business may apply for another SBA loan but may not apply for and accept other SBA loans for the same purpose and use of PPP loan proceeds (except for outstanding balance on EIDL loans originating between 1/31/20 and 4/3/20, which must be refinanced under PPP).

SBA Loan Comparisons

7(b) Economic Injury Disaster Loan (EIDL)

7(a) Paycheck Protection Program (PPP)

Forms to complete	Streamlined online application process at https://covid19relief.sba.gov/#/ . Additional forms may be requested by a loan officer. Sole proprietors will also need to complete IRS Form 4506-T. Applicant must self-certify eligibility prior to disbursement of proceeds.	Loan application; borrower good faith certification as to the need for funds and the use of funds, and as to the nonduplication of applications for and receipt of funds for the same purpose(s) as PPP loan funds. Documentation of payroll calculation and anticipated uses of loan proceeds may be required. Forms 941 and/or Forms W-2; health insurance premiums paid by employer; retirement plan contributions made by employer; state unemployment taxes paid by employer. Articles of Organization/By-laws. Other, as requested by lender. Wet ink signature/initials required on fillable PPP application.
Prepayment penalty	None	None
Advance available	up to \$10,000 without repayment	None

Sources:

7(b) EIDL Loans:

<https://www.sba.gov/disaster-assistance/coronavirus-covid-19>

7(a) PPP Loans:

<https://www.sba.gov/funding-programs/loans/paycheck-protection-program-ppp>

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PAYCHECK PROTECTION PROGRAM LOANS Frequently Asked Questions (FAQs)

The Small Business Administration (SBA), in consultation with the Department of the Treasury, intends to provide timely additional guidance to address borrower and lender questions concerning the implementation of the Paycheck Protection Program (PPP), established by section 1102 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act or the Act). This document will be updated on a regular basis.

Borrowers and lenders may rely on the guidance provided in this document as SBA's interpretation of the CARES Act and of the Paycheck Protection Program Interim Final Rule ("PPP Interim Final Rule") ([link](#)). The U.S. government will not challenge lender PPP actions that conform to this guidance,¹ and to the PPP Interim Final Rule and any subsequent rulemaking in effect at the time.

1. **Question:** Paragraph 3.b.iii of the Paycheck Protection Program Interim Final Rule states that lenders must "[c]onfirm the dollar amount of average monthly payroll costs for the preceding calendar year by reviewing the payroll documentation submitted with the borrower's application." Does that require that the lender replicate every borrower's calculations?

Answer: No. Providing an accurate calculation of payroll costs is the responsibility of the borrower, and the borrower must attest to the accuracy of those calculations. Lenders are expected to perform a good faith review, in a reasonable time, of the borrower's calculations and supporting documents concerning average monthly payroll cost. The level of diligence by a lender should be informed by the quality of supporting documents supplied by the borrower. Minimal review of calculations based on a payroll report by a recognized third-party payroll processor, for example, would be reasonable.

If lenders identify errors in the borrower's calculation or material lack of substantiation in the borrower's supporting documents, the lender should work with the borrower to remedy the error.

2. **Question:** Are small business concerns (as defined in section 3 of the Small Business Act, 15 U.S.C. 632) required to have 500 or fewer employees to be eligible borrowers in the PPP?

Answer: No. Small business concerns can be eligible borrowers even if they have more than 500 employees, as long as they satisfy the existing statutory and regulatory definition of a "small business concern" under section 3 of the Small Business Act, 15 U.S.C. 632. A business can qualify if it meets the SBA employee-based or revenue-

¹ This document does not carry the force and effect of law independent of the statute and regulations on which it is based.

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based size standard corresponding to its primary industry. Go to www.sba.gov/size for the industry size standards.

Additionally, a business can qualify for the Paycheck Protection Program as a small business concern if it met both tests in SBA's "alternative size standard" as of March 27, 2020: (1) maximum tangible net worth of the business is not more than \$15 million; and (2) the average net income after Federal income taxes (excluding any carry-over losses) of the business for the two full fiscal years before the date of the application is not more than \$5 million.

A business that qualifies as a small business concern under section 3 of the Small Business Act, 15 U.S.C. 632, may truthfully attest to its eligibility for PPP loans on the Borrower Application Form, unless otherwise ineligible.

3. **Question:** Does my business have to qualify as a small business concern (as defined in section 3 of the Small Business Act, 15 U.S.C. 632) in order to participate in the PPP?

Answer: No. In addition to small business concerns, a business is eligible for a PPP loan if the business has 500 or fewer employees whose principal place of residence is in the United States, or the business meets the SBA employee-based size standards for the industry in which it operates (if applicable). Similarly, PPP loans are also available for qualifying tax-exempt nonprofit organizations described in section 501(c)(3) of the Internal Revenue Code (IRC), tax-exempt veterans organization described in section 501(c)(19) of the IRC, and Tribal business concerns described in section 31(b)(2)(C) of the Small Business Act that have 500 or fewer employees whose principal place of residence is in the United States, or meet the SBA employee-based size standards for the industry in which they operate.

4. **Question:** Are lenders required to make an independent determination regarding applicability of affiliation rules under 13 C.F.R. 121.301(f) to borrowers?

Answer: No. It is the responsibility of the borrower to determine which entities (if any) are its affiliates and determine the employee headcount of the borrower and its affiliates. Lenders are permitted to rely on borrowers' certifications.

5. **Question:** Are borrowers required to apply SBA's affiliation rules under 13 C.F.R. 121.301(f)?

Answer: Yes. Borrowers must apply the affiliation rules set forth in SBA's Interim Final Rule on Affiliation. A borrower must certify on the Borrower Application Form that the borrower is eligible to receive a PPP loan, and that certification means that the borrower is a small business concern as defined in section 3 of the Small Business Act (15 U.S.C. 632), meets the applicable SBA employee-based or revenue-based size standard, or meets the tests in SBA's alternative size standard, after applying the affiliation rules, if applicable. SBA's existing affiliation exclusions apply to the PPP, including, for example the exclusions under 13 CFR 121.103(b)(2).

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6. **Question:** The affiliation rule based on ownership (13 C.F.R. 121.301(f)(1)) states that SBA will deem a minority shareholder in a business to control the business if the shareholder has the right to prevent a quorum or otherwise block action by the board of directors or shareholders. If a minority shareholder irrevocably gives up those rights, is it still considered to be an affiliate of the business?

Answer: No. If a minority shareholder in a business irrevocably waives or relinquishes any existing rights specified in 13 C.F.R. 121.301(f)(1), the minority shareholder would no longer be an affiliate of the business (assuming no other relationship that triggers the affiliation rules).

7. **Question:** The CARES Act excludes from the definition of payroll costs any employee compensation in excess of an annual salary of \$100,000. Does that exclusion apply to all employee benefits of monetary value?

Answer: No. The exclusion of compensation in excess of \$100,000 annually applies only to cash compensation, not to non-cash benefits, including:

- employer contributions to defined-benefit or defined-contribution retirement plans;
- payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums; and
- payment of state and local taxes assessed on compensation of employees.

8. **Question:** Do PPP loans cover paid sick leave?

Answer: Yes. PPP loans covers payroll costs, including costs for employee vacation, parental, family, medical, and sick leave. However, the CARES Act excludes qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act (Public Law 116–127). Learn more about the Paid Sick Leave Refundable Credit [here](#).

9. **Question:** My small business is a seasonal business whose activity increases from April to June. Considering activity from that period would be a more accurate reflection of my business's operations. However, my small business was not fully ramped up on February 15, 2020. Am I still eligible?

Answer: In evaluating a borrower's eligibility, a lender may consider whether a seasonal borrower was in operation on February 15, 2020 or for an 8-week period between February 15, 2019 and June 30, 2019.

10. **Question:** What if an eligible borrower contracts with a third-party payer such as a payroll provider or a Professional Employer Organization (PEO) to process payroll and report payroll taxes?

Answer: SBA recognizes that eligible borrowers that use PEOs or similar payroll providers are required under some state registration laws to report wage and other data on

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the Employer Identification Number (EIN) of the PEO or other payroll provider. In these cases, payroll documentation provided by the payroll provider that indicates the amount of wages and payroll taxes reported to the IRS by the payroll provider for the borrower's employees will be considered acceptable PPP loan payroll documentation. Relevant information from a Schedule R (Form 941), Allocation Schedule for Aggregate Form 941 Filers, attached to the PEO's or other payroll provider's Form 941, Employer's Quarterly Federal Tax Return, should be used if it is available; otherwise, the eligible borrower should obtain a statement from the payroll provider documenting the amount of wages and payroll taxes. In addition, employees of the eligible borrower will not be considered employees of the eligible borrower's payroll provider or PEO.

11. Question: May lenders accept signatures from a single individual who is authorized to sign on behalf of the borrower?

Answer: Yes. However, the borrower should bear in mind that, as the Borrower Application Form indicates, only an authorized representative of the business seeking a loan may sign on behalf of the business. An individual's signature as an "Authorized Representative of Applicant" is a representation to the lender and to the U.S. government that the signer is authorized to make the certifications, including with respect to the applicant and each owner of 20% or more of the applicant's equity, contained in the Borrower Application Form. Lenders may rely on that representation and accept a single individual's signature on that basis.

12. Question: I need to request a loan to support my small business operations in light of current economic uncertainty. However, I pleaded guilty to a felony crime a very long time ago. Am I still eligible for the PPP?

Answer: Yes. Businesses are only ineligible if an owner of 20 percent or more of the equity of the applicant is presently incarcerated, on probation, on parole; subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction; or, within the last five years, for any felony, has been convicted; pleaded guilty; pleaded nolo contendere; been placed on pretrial diversion; or been placed on any form of parole or probation (including probation before judgment).

13. Question: Are lenders permitted to use their own online portals and an electronic form that they create to collect the same information and certifications as in the Borrower Application Form, in order to complete implementation of their online portals?

Answer: Yes. Lenders may use their own online systems and a form they establish that asks for the same information (using the same language) as the Borrower Application Form. Lenders are still required to send the data to SBA using SBA's interface.

14. Question: What time period should borrowers use to determine their number of employees and payroll costs to calculate their maximum loan amounts?

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Answer: In general, borrowers can calculate their aggregate payroll costs using data either from the previous 12 months or from calendar year 2019. For seasonal businesses, the applicant may use average monthly payroll for the period between February 15, 2019, or March 1, 2019, and June 30, 2019. An applicant that was not in business from February 15, 2019 to June 30, 2019 may use the average monthly payroll costs for the period January 1, 2020 through February 29, 2020.

Borrowers may use their average employment over the same time periods to determine their number of employees, for the purposes of applying an employee-based size standard. Alternatively, borrowers may elect to use SBA's usual calculation: the average number of employees per pay period in the 12 completed calendar months prior to the date of the loan application (or the average number of employees for each of the pay periods that the business has been operational, if it has not been operational for 12 months).

15. **Question:** Should payments that an eligible borrower made to an independent contractor or sole proprietor be included in calculations of the eligible borrower's payroll costs?

Answer: No. Any amounts that an eligible borrower has paid to an independent contractor or sole proprietor should be excluded from the eligible business's payroll costs. However, an independent contractor or sole proprietor will itself be eligible for a loan under the PPP, if it satisfies the applicable requirements.

16. **Question:** How should a borrower account for federal taxes when determining its payroll costs for purposes of the maximum loan amount, allowable uses of a PPP loan, and the amount of a loan that may be forgiven?

Answer: Under the Act, payroll costs are calculated on a gross basis without regard to (i.e., not including subtractions or additions based on) federal taxes imposed or withheld, such as the employee's and employer's share of Federal Insurance Contributions Act (FICA) and income taxes required to be withheld from employees. As a result, payroll costs are not reduced by taxes imposed on an employee and required to be withheld by the employer, but payroll costs do not include the employer's share of payroll tax. For example, an employee who earned \$4,000 per month in gross wages, from which \$500 in federal taxes was withheld, would count as \$4,000 in payroll costs. The employee would receive \$3,500, and \$500 would be paid to the federal government. However, the employer-side federal payroll taxes imposed on the \$4,000 in wages are excluded from payroll costs under the statute.²

² The definition of "payroll costs" in the CARES Act, 15 U.S.C. 636(a)(36)(A)(viii), excludes "taxes imposed or withheld under chapters 21, 22, or 24 of the Internal Revenue Code of 1986 during the covered period," defined as February 15, 2020, to June 30, 2020. As described above, the SBA interprets this statutory exclusion to mean that payroll costs are calculated on a gross basis, without subtracting federal taxes that are imposed on the employee or withheld from employee wages. Unlike employer-side payroll taxes, such employee-side taxes are ordinarily expressed as a reduction in employee take-home pay; their exclusion from the definition of payroll costs means payroll costs should not be reduced based on taxes imposed on the employee or withheld from employee wages. This interpretation is consistent with the text of the statute and advances the legislative purpose of ensuring workers

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17. **Question:** I filed or approved a loan application based on the version of the PPP Interim Final Rule published on April 2, 2020. Do I need to take any action based on the updated guidance in these FAQs?

Answer: No. Borrowers and lenders may rely on the laws, rules, and guidance available at the time of the relevant application. However, borrowers whose previously submitted loan applications have not yet been processed may revise their applications based on clarifications reflected in these FAQs.

18. **Question:** Are PPP loans for existing customers considered new accounts for FinCEN Rule CDD purposes? Are lenders required to collect, certify, or verify beneficial ownership information in accordance with the rule requirements for existing customers?

Answer: If the PPP loan is being made to an existing customer and the necessary information was previously verified, you do not need to re-verify the information.

Furthermore, if federally insured depository institutions and federally insured credit unions eligible to participate in the PPP program have not yet collected beneficial ownership information on existing customers, such institutions do not need to collect and verify beneficial ownership information for those customers applying for new PPP loans, unless otherwise indicated by the lender's risk-based approach to BSA compliance.

remain paid and employed. Further, because the reference period for determining a borrower's maximum loan amount will largely or entirely precede the period from February 15, 2020, to June 30, 2020, and the period during which borrowers will be subject to the restrictions on allowable uses of the loans may extend beyond that period, for purposes of the determination of allowable uses of loans and the amount of loan forgiveness, this statutory exclusion will apply with respect to such taxes imposed or withheld at any time, not only during such period.



Paycheck Protection Program Borrower Application Form

OMB Control No.: 3245-0407
Expiration Date: 09/30/2020

Check One:	<input type="checkbox"/> Sole proprietor <input type="checkbox"/> Partnership <input type="checkbox"/> C-Corp <input type="checkbox"/> S-Corp <input type="checkbox"/> LLC <input type="checkbox"/> Independent contractor <input type="checkbox"/> Eligible self-employed individual <input type="checkbox"/> 501(c)(3) nonprofit <input type="checkbox"/> 501(c)(19) veterans organization <input type="checkbox"/> Tribal business (sec. 31(b)(2)(C) of Small Business Act) <input type="checkbox"/> Other	DBA or Tradename if Applicable	
Business Legal Name			
Business Address			
		Business TIN (EIN, SSN)	Business Phone
			() -
		Primary Contact	Email Address

Average Monthly Payroll:	\$	x 2.5 + EIDL, Net of Advance (if Applicable) Equals Loan Request:	\$	Number of Employees:	
Purpose of the loan (select more than one):					
<input type="checkbox"/> Payroll <input type="checkbox"/> Lease / Mortgage Interest <input type="checkbox"/> Utilities <input type="checkbox"/> Other (explain): _____					

Applicant Ownership

List all owners of 20% or more of the equity of the Applicant. Attach a separate sheet if necessary.

Owner Name	Title	Ownership %	TIN (EIN, SSN)	Address

If questions (1) or (2) below are answered "Yes," the loan will not be approved.

Question	Yes	No
1. Is the Applicant or any owner of the Applicant presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy?	<input type="checkbox"/>	<input type="checkbox"/>
2. Has the Applicant, any owner of the Applicant, or any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted in the last 7 years and caused a loss to the government?	<input type="checkbox"/>	<input type="checkbox"/>
3. Is the Applicant or any owner of the Applicant an owner of any other business, or have common management with, any other business? If yes, list all such businesses and describe the relationship on a separate sheet identified as addendum A.	<input type="checkbox"/>	<input type="checkbox"/>
4. Has the Applicant received an SBA Economic Injury Disaster Loan between January 31, 2020 and April 3, 2020? If yes, provide details on a separate sheet identified as addendum B.	<input type="checkbox"/>	<input type="checkbox"/>

If questions (5) or (6) are answered "Yes," the loan will not be approved.

Question	Yes	No
5. Is the Applicant (if an individual) or any individual owning 20% or more of the equity of the Applicant subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction, or presently incarcerated, or on probation or parole? Initial here to confirm your response to question 5 → _____	<input type="checkbox"/>	<input type="checkbox"/>
6. Within the last 5 years, for any felony, has the Applicant (if an individual) or any owner of the Applicant 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; 4) been placed on pretrial diversion; or 5) been placed on any form of parole or probation (including probation before judgment)? Initial here to confirm your response to question 6 → _____	<input type="checkbox"/>	<input type="checkbox"/>
7. Is the United States the principal place of residence for all employees of the Applicant included in the Applicant's payroll calculation above?	<input type="checkbox"/>	<input type="checkbox"/>
8. Is the Applicant a franchise that is listed in the SBA's Franchise Directory?	<input type="checkbox"/>	<input type="checkbox"/>



Paycheck Protection Program Borrower Application Form

By Signing Below, You Make the Following Representations, Authorizations, and Certifications

CERTIFICATIONS AND AUTHORIZATIONS

I certify that:

- I have read the statements included in this form, including the Statements Required by Law and Executive Orders, and I understand them.
- The Applicant is eligible to receive a loan under the rules in effect at the time this application is submitted that have been issued by the Small Business Administration (SBA) implementing the Paycheck Protection Program under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (the Paycheck Protection Program Rule).
- The Applicant (1) is an independent contractor, eligible self-employed individual, or sole proprietor or (2) employs no more than the greater of 500 or employees or, if applicable, the size standard in number of employees established by the SBA in 13 C.F.R. 121.201 for the Applicant's industry.
- I will comply, whenever applicable, with the civil rights and other limitations in this form.
- All SBA loan proceeds will be used only for business-related purposes as specified in the loan application and consistent with the Paycheck Protection Program Rule.
- To the extent feasible, I will purchase only American-made equipment and products.
- The Applicant is not engaged in any activity that is illegal under federal, state or local law.
- Any loan received by the Applicant under Section 7(b)(2) of the Small Business Act between January 31, 2020 and April 3, 2020 was for a purpose other than paying payroll costs and other allowable uses loans under the Paycheck Protection Program Rule.

For Applicants who are individuals: I authorize the SBA to request criminal record information about me from criminal justice agencies for the purpose of determining my eligibility for programs authorized by the Small Business Act, as amended.

CERTIFICATIONS

The authorized representative of the Applicant must certify in good faith to all of the below by **initialing** next to each one:

_____ The Applicant was in operation on February 15, 2020 and had employees for whom it paid salaries and payroll taxes or paid independent contractors, as reported on Form(s) 1099-MISC.

_____ Current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.

_____ The funds will be used to retain workers and maintain payroll or make mortgage interest payments, lease payments, and utility payments, as specified under the Paycheck Protection Program Rule; I understand that if the funds are knowingly used for unauthorized purposes, the federal government may hold me legally liable, such as for charges of fraud.

_____ The Applicant will provide to the Lender documentation verifying the number of full-time equivalent employees on the Applicant's payroll as well as the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight-week period following this loan.

_____ I understand that loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities, and not more than 25% of the forgiven amount may be for non-payroll costs.

_____ During the period beginning on February 15, 2020 and ending on December 31, 2020, the Applicant has not and will not receive another loan under the Paycheck Protection Program.

_____ I further certify that the information provided in this application and the information provided in all supporting documents and forms is true and accurate in all material respects. I understand that knowingly making a false statement to obtain a guaranteed loan from SBA is punishable under the law, including under 18 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 USC 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a federally insured institution, under 18 USC 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.

_____ I acknowledge that the lender will confirm the eligible loan amount using required documents submitted. I understand, acknowledge and agree that the Lender can share any tax information that I have provided with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews.

Signature of Authorized Representative of Applicant

Date

Print Name

Title



Paycheck Protection Program Borrower Application Form

Purpose of this form:

This form is to be completed by the authorized representative of the Applicant and *submitted to your SBA Participating Lender*. Submission of the requested information is required to make a determination regarding eligibility for financial assistance. Failure to submit the information would affect that determination.

Instructions for completing this form:

With respect to “purpose of the loan,” payroll costs consist of compensation to employees (whose principal place of residence is the United States) in the form of salary, wages, commissions, or similar compensation; cash tips or the equivalent (based on employer records of past tips or, in the absence of such records, a reasonable, good-faith employer estimate of such tips); payment for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums, and retirement; payment of state and local taxes assessed on compensation of employees; and for an independent contractor or sole proprietor, wage, commissions, income, or net earnings from self-employment or similar compensation.

For purposes of calculating “Average Monthly Payroll,” most Applicants will use the average monthly payroll for 2019, excluding costs over \$100,000 on an annualized basis for each employee. For seasonal businesses, the Applicant may elect to instead use average monthly payroll for the time period between February 15, 2019 and June 30, 2019, excluding costs over \$100,000 on an annualized basis for each employee. For new businesses, average monthly payroll may be calculated using the time period from January 1, 2020 to February 29, 2020, excluding costs over \$100,000 on an annualized basis for each employee.

If Applicant is refinancing an Economic Injury Disaster Loan (EIDL): Add the outstanding amount of an EIDL made between January 31, 2020 and April 3, 2020, less the amount of any “advance” under an EIDL COVID-19 loan, to Loan Request as indicated on the form.

All parties listed below are considered owners of the Applicant as defined in 13 CFR § 120.10, as well as “principals”:

- For a sole proprietorship, the sole proprietor;
- For a partnership, all general partners, and all limited partners owning 20% or more of the equity of the firm;
- For a corporation, all owners of 20% or more of the corporation;
- For limited liability companies, all members owning 20% or more of the company; and
- Any Trustor (if the Applicant is owned by a trust).

Paperwork Reduction Act – You are not required to respond to this collection of information unless it displays a currently valid OMB Control Number. The estimated time for completing this application, including gathering data needed, is 8 minutes. Comments about this time or the information requested should be sent to : Small Business Administration, Director, Records Management Division, 409 3rd St., SW, Washington DC 20416., and/or SBA Desk Officer, Office of Management and Budget, New Executive Office Building, Washington DC 20503.

Privacy Act (5 U.S.C. 552a) – Under the provisions of the Privacy Act, you are not required to provide your social security number. Failure to provide your social security number may not affect any right, benefit or privilege to which you are entitled. (But see Debt Collection Notice regarding taxpayer identification number below.) Disclosures of name and other personal identifiers are required to provide SBA with sufficient information to make a character determination. When evaluating character, SBA considers the person’s integrity, candor, and disposition toward criminal actions. Additionally, SBA is specifically authorized to verify your criminal history, or lack thereof, pursuant to section 7(a)(1)(B), 15 USC Section 636(a)(1)(B) of the Small Business Act (the Act).

Disclosure of Information – Requests for information about another party may be denied unless SBA has the written permission of the individual to release the information to the requestor or unless the information is subject to disclosure under the Freedom of Information Act. The Privacy Act authorizes SBA to make certain “routine uses” of information protected by that Act. One such routine use is the disclosure of information maintained in SBA’s system of records when this information indicates a violation or potential violation of law, whether civil, criminal, or administrative in nature. Specifically, SBA may refer the information to the appropriate agency, whether Federal, State, local or foreign, charged with responsibility for, or otherwise involved in investigation, prosecution, enforcement or prevention of such violations. Another routine use is disclosure to other Federal agencies conducting background checks but only to the extent the information is relevant to the requesting agencies’ function. See, 74 F.R. 14890 (2009), and as amended from time to time for additional background and other routine uses. In addition, the CARES Act, requires SBA to register every loan made under the Paycheck Protection Act using the Taxpayer Identification Number (TIN) assigned to the borrower.

Debt Collection Act of 1982, Deficit Reduction Act of 1984 (31 U.S.C. 3701 et seq. and other titles) – SBA must obtain your taxpayer identification number when you apply for a loan. If you receive a loan, and do not make payments as they come due, SBA may: (1) report the status of your loan(s) to credit bureaus, (2) hire a collection agency to collect your loan, (3) offset your income tax refund or other amounts due to you from the Federal Government, (4) suspend or debar you or your company from doing business with the Federal Government, (5) refer your loan to the Department of Justice, or (6) foreclose on collateral or take other action permitted in the loan instruments.

Right to Financial Privacy Act of 1978 (12 U.S.C. 3401) – The Right to Financial Privacy Act of 1978, grants SBA access rights to financial records held by financial institutions that are or have been doing business with you or your business including any financial



Paycheck Protection Program Borrower Application Form

institutions participating in a loan or loan guaranty. SBA is only required provide a certificate of its compliance with the Act to a financial institution in connection with its first request for access to your financial records. SBA's access rights continue for the term of any approved loan guaranty agreement. SBA is also authorized to transfer to another Government authority any financial records concerning an approved loan or loan guarantee, as necessary to process, service or foreclose on a loan guaranty or collect on a defaulted loan guaranty.

Freedom of Information Act (5 U.S.C. 552) – Subject to certain exceptions, SBA must supply information reflected in agency files and records to a person requesting it. Information about approved loans that will be automatically released includes, among other things, statistics on our loan programs (individual borrowers are not identified in the statistics) and other information such as the names of the borrowers (and their officers, directors, stockholders or partners), the collateral pledged to secure the loan, the amount of the loan, its purpose in general terms and the maturity. Proprietary data on a borrower would not routinely be made available to third parties. All requests under this Act are to be addressed to the nearest SBA office and be identified as a Freedom of Information request.

Occupational Safety and Health Act (15 U.S.C. 651 et seq.) – The Occupational Safety and Health Administration (OSHA) can require businesses to modify facilities and procedures to protect employees. Businesses that do not comply may be fined, forced to cease operations, or prevented from starting operations. Signing this form is certification that the applicant, to the best of its knowledge, is in compliance with the applicable OSHA requirements, and will remain in compliance during the life of the loan.

Civil Rights (13 C.F.R. 112, 113, 117) – All businesses receiving SBA financial assistance must agree not to discriminate in any business practice, including employment practices and services to the public on the basis of categories cited in 13 C.F.R., Parts 112, 113, and 117 of SBA Regulations. All borrowers must display the "Equal Employment Opportunity Poster" prescribed by SBA.

Equal Credit Opportunity Act (15 U.S.C. 1691) – Creditors are prohibited from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status or age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act.

Debarment and Suspension Executive Order 12549; (2 CFR Part 180 and Part 2700) – By submitting this loan application, you certify that neither the Applicant or any owner of the Applicant have within the past three years been: (a) debarred, suspended, declared ineligible or voluntarily excluded from participation in a transaction by any Federal Agency; (b) formally proposed for debarment, with a final determination still pending; (c) indicted, convicted, or had a civil judgment rendered against you for any of the offenses listed in the regulations or (d) delinquent on any amounts owed to the U.S. Government or its instrumentalities as of the date of execution of this certification.



OMB Control #3247-0406

Expiration Date:
09/30/2020

Disaster Loan Assistance

Federal Disaster Loans for Businesses, Private Non-profits, Homeowners and Renters

COVID-19 ECONOMIC INJURY DISASTER LOAN APPLICATION



DISCLOSURES



BUSINESS INFORMATION



BUSINESS OWNERS INFORMATION



ADDITIONAL INFORMATION



SUMMARY

Summary

Business Information ^
Edit
Business Legal Name
Trade Name
EIN/SSN for Sole Proprietorship
Organization Type
Is the Applicant a Non-Profit Organization?
Is the Applicant a Franchise?
Gross Revenues for the Twelve(12) Month Prior to the Date of the Disaster (January 31, 2020)
Cost of Goods Sold for the Twelve(12) Month Prior to the Date of the Disaster (January 31, 2020)
Rental Properties (Residential and Commercial) Only - Lost Rents Due to the Disaster
Non-Profit Cost of Operation for the Twelve(12) Month Prior to the Date of the Disaster (January 31, 2020)
Combined Annual Operating Expenses for the Twelve(12) Months Prior to the Date of the Disaster (January 31, 2020) for All Secular Social Services Provided by the Faith Based Entity
List the Secular Social Services Provided by the Faith Based Entity
Compensation From Other Sources Received as a Result of the Disaster
Provide Brief Description of Other Compensation Sources
Primary Business Address (Cannot Be P.O. Box)
City
State
County
ZIP

Business Phone
Alternative Business Phone
Business Fax
Business Email
Date Business Established
Current Ownership Since
Business Activity
Business Sub Activity
Number of Employees (As of January 31, 2020)

Business Owners Information

 **Edit**

Owner/Agent 1

First Name

Last Name

Mobile Phone

Title / Office

Email

Ownership Percent

SSN

Birth Date

Place Of Birth

U.S. Citizen

Residential Street Address

City

State

Zip

Additional Information

 **Edit**

In the past year, has the business or a listed owner been convicted of a criminal offense committed during and in connection with a riot or civil disorder or other declared disaster, or ever been engaged in the production or distribution of any product or service that has been determined to be obscene by a court of competent jurisdiction?

Y N

Is the applicant or any listed owner currently suspended or debarred from contracting with the Federal government or receiving Federal grants or loans? **Y N**

a. Are you presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction? b. Have you been arrested in the past six months for any criminal offense? c. For any criminal offense - other than a minor vehicle violation - have you ever been convicted, plead guilty, plead nolo contendere, been placed on pretrial diversion, or been placed on any form of parole or probation (including probation before judgment)?

Y N

Individual Name

Name of Company

Phone Number

Street Address, City, State, Zip

Fee Charged or Agreed Upon

I give permission for SBA to discuss any portion of this application with the representative listed above.

I'm not a robot

reCAPTCHA
Privacy - Terms

✓ Submit

SBA Office of Disaster Assistance | 1-800-659-2955 | 409 3rd St, SW. Washington, DC 20416
[Privacy Policy \(https://www.sba.gov/about-sba/open-government/about-sbagov-website/privacy-policy\)](https://www.sba.gov/about-sba/open-government/about-sbagov-website/privacy-policy)

FINANCIAL DATA NEEDED - 7(a) SBA LOAN AND FORGIVENESS UNDER THE CARES ACT
Checklist of Documentation Required

rev 3/28/20

The SBA loans under Section 1102 of the CARES Act (sometimes referred to as "7(a) Loans") which are eligible for forgiveness are available to employers with less than 500 employees. Such loans will be handled through the client's lender (bank) and guaranteed 100% by the SBA. These are non-recourse loans.

Banks will need the following financial information in order to process the SBA loan application:

This information will be needed to present to the bank to apply for the loan:

1)	Copies of payroll tax reports file with the IRS (including Forms 941, 940, state income and unemployment tax filing reports) for the entire year of 2019 and first quarter of 2020 (if available) should be presented.	
2)	Copies of payroll reports for each pay period for the preceding 12 months. Such reports should include gross wages including PTO (which might include vacation, sick, and other PTO). This includes payroll reports through the pay period preceding the origination of the SBA loan.	
3)	Documentation reflecting the health insurance premiums paid by the company under a group health plan including owners of the company for the immediately preceding 12 months prior to the date of the SBA loan origination. Copies of the monthly invoices should suffice.	
4)	Documentation of all retirement plan funding by the employer for the immediately preceding 12 months. Copies of workpapers, schedules and remittances to the retirement plan administrator should be sufficient.	

This information will be needed to present to the bank or SBA for Loan Forgiveness:

1)	Copies of payroll tax reports file with the IRS (including Forms 941, 940, state income and unemployment tax filing reports) for the the 8 week period following the original of the loan.	
2)	Copies of payroll reports for each pay period for the 8 week period following the origination of the loan. Gross wages including PTO (which might include vacation, sick, and other PTO) should be reflected.	
3)	Documentation reflecting the health insurance premiums paid by the company under a group health plan including owners of the company for the 8 week period following the origination of the loan should be provided. Copies of the monthly invoices should suffice.	
4)	Documentation of all retirement plan funding by the employer for the 8 weeks following the origination of loan should be sufficient. Copies of workpapers, schedules and remittances to the retirement plan administrator should be available.	
5)	Copies of all lease agreements for real estate and tangible personal property should be presented along with proof of payment during the 8 week period following the loan origination date.	
6)	Copies of all statement of interest paid on debt obligations incurred prior to February 15, 2020 indicating payment amounts and proof of payment for the 8 week period following the loan origination date.	
7)	Copies of cancelled checks, statements or other evidence of utilities paid during the "covered period" for the 8 week period following the loan origination date.	

IMPORTANT NOTES:

Each lender may require more or less information. In addition, each borrower will need to make a certification that the documentation is true and correct, the amount for which forgiveness is being requested was used to make payments to retain employees and to make interest payments on covered mortgage obligations, covered rent obligations and covered utility payments. In addition, the SBA may request further information. There will be NO forgiveness of the documentation is not presented. The SBA will render a decision within 60 days after receipt of an application for forgiveness. The amount of any loan forgiveness under this program is NOT taxable income.