

COVID-19: SBA Loans Available for Small Businesses

As a small business, there are several **government-supported programs** available for your practice to access during this difficult and uncertain time. In an effort to provide you with a consolidated view of some options at this time, Cardinal Health is providing this document as a resource. *This document does not constitute legal, financial or tax advice. Practices should consult with legal, financial and tax professionals regarding eligibility for these programs*

1. **Paycheck Protection Program (PPP)** - \$349B from the [CARES Act](#) has been set aside to help eligible small businesses and nonprofit organizations with under 500 employees weather the COVID-19 pandemic. For eligible sole proprietors and small businesses, it is expected that loan applications can be submitted as early as April 3, 2020
 - Small Business Administration (SBA) Sample Loan Application - <https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Application-3-30-2020-v3.pdf>
 - Borrower Fact Sheet - <https://home.treasury.gov/system/files/136/PPP%20Borrower%20Information%20Fact%20Sheet.pdf>
 - PPP loans can be requested for up to 250% of a small businesses' average monthly expenses up to a maximum loan amount of \$10M
 - Any loan balance deemed not forgivable must be repaid and can have a loan maturity of up to 10 years and a maximum interest rate of 4% per year (currently set at 1% per year).
 - These loans can be forgivable in full if specific stipulations are maintained: Subject to formulaic reduction in employees compared to specified prior periods and additional reduction for workforce or salary reductions after Feb 15, 2020
2. **Economic Injury and Disaster Loan (EIDL)** - The Economic Injury and Disaster Loan is an existing program through the SBA that has been modified to include the COVID-19 epidemic
 - These loans can be made directly by the SBA or an authorized SBA lender
 - These loans are not forgivable, and the terms of the loans will vary based on the applicant's ability to repay
 - Loans can be made for up to 30 years at a rate of 3.75% per year for small businesses and 2.75% per year for nonprofits
 - The maximum loan amount is up to \$2M
 - Existing EIDL loans can be refinanced into PPP loans, and businesses are only allowed to apply for one of the loan programs
 - EIDL loan applicants can also request an Emergency EIDL Grant for a \$10,000 advance that can be available as soon as 3 days after the SBA receives their application
3. **Tax provisions in lieu of programs** - There are two specific tax provisions that are only available to small businesses if they forgo receiving benefits through the other loan programs.
 - Employee Retention Tax Credit: This is a tax credit to the employer for wages and benefits for the first \$10k paid to an eligible employee
 - These benefits will be available to companies who have suspended operations as a result of a government order and to those who have experienced a greater than 50% reduction in quarterly receipts (measured YoY) – Credit will extend through December 2020
 - Employer Payroll Tax Deferral: This provision will allow taxpayers to defer paying their portion of FICA taxes (6.2%) through the end of 2020
 - Deferral payments will be due 50% in December 2021 and 50% in December 2022

If you have questions or need additional advice, you are encouraged to reach out to your own legal counsel, tax advisors and banking partners.

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