

What Businesses Need to Know About the Paycheck Protection Program

When Congress passed the stimulus package on March 27, the \$2 trillion aid package included a new Paycheck Protection Program to be administered by the U.S. Small Business Administration (SBA). The objective of the program is to provide small businesses with the capital they need to continue making payroll for an eight-week period occurring between February 15, 2020 and June 30, 2020.

Small businesses who have less than 500 employees are eligible to apply. In addition, independent contractors and gig economy workers may also be eligible. For most communities, this means that the majority of businesses who have been negatively impacted by COVID-19 qualify. By applying for this forgivable loan and using the money to keep employees on the payroll, the impact on local economies will be reduced.

Even though the program is designed to cover payroll for an eight-week period, businesses can actually borrow up to 2.5 times their average monthly payroll cost. As a result, businesses could get up to 10 weeks of payroll covered by the loan, up to \$10 million. This loan can cover the entire payroll cost including salaries, wages, paid time off, tips, taxes and healthcare benefits. In addition to covering payroll costs, the loan can also help to pay for operational costs that could include rent and utility payments.

The Paycheck Protection Program Offers Forgivable Loans

The loan is forgivable as long as businesses meet certain criteria that includes:

- The employer maintains its payroll during the period of February 15, 2020 through June 30, 2020
- The employer retains its employees and maintains wages relative to the previous year

If an employer does not meet all the criteria they may still qualify for partial loan forgiveness. Anything not forgiven can be repaid over a period of up to 10 years at an interest rate of 4%.

How to Apply

Businesses can apply with any SBA-certified lender, including local banks and credit unions. Businesses are encouraged to contact the bank they have a relationship with or to [find a lender here](#). In addition to the loan application, businesses will need to provide the following information:

1. Documentation verifying the number of full-time employees on the payroll and their rates of pay; payroll tax filings reported to the IRS; and state income, payroll, and unemployment insurance filings
2. Documents verifying payments on mortgage or rent obligations and utility payments
3. A certification from an authorized representative that the documents are true and correct, and the loan forgiveness request reflects retaining employees and making the necessary operational payments.

Socials:

- 1) Help is NOW Available for businesses! The Payroll Protection Program can pay for 8 weeks of payroll during the COVID-19 pandemic.
- 2) Learn how businesses can use a **forgivable loan** to cover payroll during the COVID-19 pandemic.
- 3) Who qualifies for the new forgivable loan from the SBA? Click to find out and share with businesses in your community.

Picture (see below)

HELP FOR BUSINESSES FROM THE

Payroll Protection Program

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