



COVID-19 Response: Small Businesses

SBA Assistance Programs

1. Economic Injury Disaster Loans

The SBA Economic Injury Disaster Loans offer up to \$2 million in assistance per small business which may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the impact of COVID-19. Interest rates for small businesses and nonprofits ranges from 2.75% to 3.75% with long-term repayments available.

EIDL repayment is deferred for twelve months and it is possible to defer payments on other SBA loans for the next year. Interest continues to accrue during this period. Additionally, SBA offers loans with long-term repayments to keep payments affordable, up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay. Most private nonprofits are eligible for Economic Injury Disaster Loans.

2. Economic Injury Disaster Grants

The SBA is authorized to provide cash grants of \$10,000 to small businesses and nonprofits that apply for an SBA Economic Injury Disaster Loan (EIDL) within three days of applying for the loan to provide immediate relief. The EIDL grant does not need to be repaid, even if the grantee is subsequently denied an EIDL. This grant may be used to provide paid sick leave to employees, maintain payroll, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent and mortgage payments.

To apply for Economic Injury Disaster Loans and Economic Injury Disaster Grants or to check your application status, visit <https://disasterloan.sba.gov/ela/>.

3. Paycheck Protection Program

This program would provide cash-flow assistance of up to \$10 million through 100 percent federally guaranteed loans at 1% interest to employers who maintain their payroll during this emergency. If employers maintain their payroll, the loans would be forgiven (up to 8 weeks of payroll based on employee retention and salary levels). To apply for a loan, contact an SBA-approved lender. Loans are available now through June 30, 2020. Certain nonprofits may be eligible for the program as well.

4. Debt Relief for Existing and New SBA Borrowers

New legislation provides immediate relief to small businesses with standard SBA 7(a), 504, or microloans. Under this law, the SBA will cover all loan payments for existing and new SBA borrowers, including principal, interest, and fees, for six months.

Paid Leave and Tax Credit for Small Businesses

Under the Families First Act, employers under 500 employees are required to:

- Provide 80 hours (2 full 40-hour weeks) of paid sick leave relating to COVID-19 through the end of 2020 for employees who exhibit symptoms, need to self-quarantine, or care for a child. Part time workers receive the amount of sick leave correlating to their normal two-week schedule. The pay is 100% if the employee is sick or quarantining, and 2/3rds pay when caring for a child.
- Provide 12 weeks of job-protected paid family leave if the employee's child's school or child-care facility is closed. This includes two weeks of unpaid leave, followed by 10 weeks of paid leave. Employees will receive 2/3rds of their usual pay during this time, and they may choose to overlap the initial two weeks of unpaid leave with two weeks of paid sick leave provided in the bill.



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- The Department of Labor may issue rulemakings allowing businesses with less than 50 employees to apply for an exemption from these paid sick and family leave provisions if they believe it would jeopardize their business.
- Additional guidance was released about the employer paid leave requirements in the Families First Act can be found here: <https://www.dol.gov/agencies/whd/pandemic/ffcra-employer-paid-leave>.

Businesses will receive a refundable payroll tax credit fully offsetting the costs of providing this paid sick and family leave. Additional guidance is available through the DOL and IRS.

Employers initially front the cost of emergency paid leave but will be **fully reimbursed** by the federal government within three months.

- The reimbursement will cover both the wages paid and the employer's contribution to employee health insurance premiums during the period of leave.
- Employers will be reimbursed through a refundable tax credit that counts against employers' payroll tax, which all employers pay regardless of non-profit/for-profit status.
- Employers will submit emergency paid sick leave expenses as part of their estimated quarterly tax payments. If an employer's costs more than offset their tax liability, they will get a refund from the IRS.
- Additional guidance was released on March 20th announcing small and midsize businesses can begin taking advantage of two new refundable payroll tax credits, designed to immediately and fully reimburse them for the cost of providing COVID19-related leave to their employees, including health insurance costs and no payroll tax liability. Self-employed individuals receive an equivalent credit. More information at: <https://www.irs.gov/newsroom/treasury-irs-and-labor-announce-plan-to-implement-coronavirus-related-paid-leave-for-workers-and-tax-credits-for-small-and-midsize-businesses-to-swiftly-recover-the-cost-of-providing-coronavirus>.

Independent Contractors and Self-Employed Individuals

These individuals may be eligible for SBA Economic Injury Disaster Loans. To apply or review eligibility, visit <https://disasterloan.sba.gov/ela/>. Self-employed individuals are also eligible for the payroll tax credit to reimburse for the costs of paid sick leave under the Families First Act. With passage of the CARES Act, a new Pandemic Unemployment Assistance program was created to provide unemployment benefits to self-employed and contract workers. More details on this program will be available soon at www.coloradoui.gov/fileclaim.

Tax Filing and Payment Deadline Delayed for Affected Individuals and Businesses

The Department of Treasury announced that individuals and corporations may delay their tax filing and payments for 90 days due to the coronavirus pandemic. Additionally, Governor Polis announced Colorado has also extended the state tax filing and payment deadline by 90 days. **The new state and federal tax filing and payment deadline is July 15, 2020.**

Small Business Navigator Hotline

The State of Colorado - OEDIT has established a Small Business Navigator hotline and email for businesses seeking general guidance, information on access to capital programs, workforce development concerns, and other areas small businesses are affected by. The Small Business Navigator hotline is available Monday through Friday from 8:00 a.m. to 5:00 p.m. MT, or, they can be reached via email.

Hotline: (303) 860-5881

Email: oodit_sbnavigator@state.co.us