

- Payroll Protection Program (PPP)
  - 1<sup>st</sup> Draw Applicants
  - Existing PPP Loan Recipients
  - 2<sup>nd</sup> Draw Applicants
- EIDL and Targeted EIDL Advance Grants
- Federal Taxes
  - Employee Retention Tax Credit
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## Overview Cont'd

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## What We Do

The NMSBDC network develops skilled entrepreneurs and strong businesses through one on one business advising & training via 18 SBDC Centers, PTAC, IBA and TCA.

Direct hands on **NO FEE** assistance is provided in:

- Starting a new business
- Growing an existing business
- Saving a business
- Obtaining financing



No to low cost business training and workshops

# PPP Opening Dates

Borrowers submit applications to Lenders with a defined set of opening dates:

- Jan 11 for CDFIs, MDIs, CDCs and Microlenders for 1<sup>st</sup> Draw applicants and Jan 13 for 2<sup>nd</sup> Draw Applicants
- Jan 15 for PPP lenders with \$1 billion or less in assets for both 1<sup>st</sup> and 2<sup>nd</sup> Draw applicants
- Jan 19 to all PPP lenders for 1<sup>st</sup> and 2<sup>nd</sup> Draw applicants



## PPP –1st Draw

Open until March 31

Size standards, eligibility criteria, and certain limitations for the original CARES Act PPP Loan are applicable including 60% must be for payroll to qualify for forgiveness - changes:

- Expands eligibility includes 501(c)(6) nonprofits, such as local chambers of commerce, destination marketing organizations, housing cooperatives, newspapers, broadcasters and radio stations.
- Expands covered expenses to include software, cloud computing resources and human resources and accounting needs, as well as property damage costs due to public disturbances not covered by insurance, supplier costs & purchase of personal protective equipment.

## PPP –1st Time Cont'd

- Includes set-asides to support first-time PPP borrowers with 10 or fewer employees. Additionally, provides for a set-aside for loans made by community lenders.
- A simplified loan forgiveness application form consisting of a one-page certification that requires the small business to list the loan amount, the number of employees retained and the estimated total spent on payroll costs for loans \$150,000 or less.
- You may qualify even if you took advantage of the Employee Retention Tax Credit (more later).

## PPP – Recipients

- Covered expenses for loan forgiveness expanded as stated with 1<sup>st</sup> Draw
- Repealed the previous CARES Act provision that required small businesses to deduct any Economic Injury Disaster Advance grants from PPP loan forgiveness.
- Overrides IRS ruling that barred small businesses from deducting from their taxes expenses paid with PPP loans.
- Employers can now also receive both the Employee Retention Tax Credit and a PPP loan, just not to cover the same payroll expenses.
- Reapplication may be an Option

## PPP –2<sup>nd</sup> Draw

- Eligibility for the PPP second draw - have no more than 300 employees and demonstrate at least a 25 percent reduction in gross revenues between comparable quarters in 2019 & 2020.
- Establishes a maximum loan size of 2.5X average monthly payroll costs, up to \$2 million. Allows small businesses assigned to the industry NAICS code 72 (Accommodation and Food Services) to receive PPP second draw loans equal to 3.5X average monthly payroll costs.



## PPP –2<sup>nd</sup> Draw Cont'd

- Borrowers receive full loan forgiveness if they spend at least 60 percent of their PPP second draw loan on payroll costs over a time period of their choosing between 8 weeks and 24 weeks.
- Includes set-asides to support second-time PPP borrowers with 10 or fewer employees. Additionally, provides for a set-aside for loans made by community lenders.

## Economic Injury Disaster Loans

- Portal extended until December 31, 2021
- Terms - 3.75% for businesses and 2.75% for nonprofits for 30 years
- Use for working capital & normal operating expenses
- Original amount was up to \$2 million and then it was capped at \$150,000 (stay tuned on this for SBA guidance)



# EIDL Advance Grants



- EIDL Advance Grants reopened with \$20 billion in funding for \$10,000 grants.
- The \$10,000 advance grant is **targeted** for small businesses with no more than 300 employees, located in low-income communities, who have experienced a 30% reduction in gross receipts during any 8-week period between March 2 and December 31, 2021, relative to a comparable 8-week period immediately preceding March 2, 2020, or during 2019; or if the covered entity is a seasonal business concern, such other amount determined appropriate by the SBA Administrator.

## EIDL Advance Grants (Cont'd)

- If a businesses qualifies and **earlier received** an EIDL grant less than \$10,000 they can reapply to receive the difference (may occur automatically by the SBA).
- Extends covered period for emergency EIDL grants through December 31, 2021.



## Employee Retention Tax Credit (ERTC)

- Significantly expands the ERTC beginning on January 1, 2021 and expires on June 30, 2021 (good for 2 quarters)
- The new credit is 70% on \$10,000 in wages per quarter or a maximum of \$14,000 **per employee** through June 30<sup>th</sup> (\$7,000 each quarter).
- Eligibility is now expanded to include employers who experienced a decline of more than 20%.
- In addition, the employee cap under which it is easier to claim the tax credit has been raised to 500 employees from the earlier 100 employees.
- Employers can now receive both the ERTC and a PPP loan, just not to cover the same payroll expenses.

# Taxes

- For those opting into the White House's **employee-side payroll tax deferral**, the repayment deadline has been extended from April 2021 to December 31, 2021, lengthening the repayment period for those taxpayers.
- You can now defer your employer's share of social security taxes through March 2021 and pay those amounts back as late as the end of 2022.
- Work Opportunity Tax Credit extended to 2025 - Qualified Long-term unemployment recipient
- Talk to your Accountant and/or Bookkeeper for this and other tax provisions.

## Other SBA Loans

- Temporarily enhances terms of the 7(a) loan program - loan guarantee to increased to 90%, reduced or no fees for the borrower and the lender. Additionally, temporarily increase the 7(a) express loan limit and loan guarantee.
- Temporarily eliminates fees for the 504 loan program and offers favorable terms for refinancing loans.
- Increases aggregate loan limit for microloan intermediaries in order to increase capacity to make loans to underserved and underbanked borrowers.
- Extends the Small Business Debt Relief program, which would **defer payments** of principal and interest on new and existing SBA 7(a), 504, and Microloan programs for eligible entities.

## Shuttered Venue Operations Grant (SOS)

- Up to \$10 million or 45% of 2019 gross earned income whichever is less based on significant 2020 revenue losses.
- Eligibility: Live venue operator or promoter, theatrical producer, or live performing arts organization operator, a museum operator, a motion picture theatre operator, or a talent representative who has experienced at least 25% reduction in gross earned income. (specifics on each)
- If you receive this grant you may not apply for a **new** PPP loan (so organizations must chose which is best for them)
- SBA presentation today at 1 pm (already full)



**January 15 10:00 am - 11:00 am: PPP Loans and the Employee Retention Tax Credit Presented by Larry Donahue**

Webinar on new and or upcoming guidelines and rules surrounding PPP and ERTC. Larry Donahue will lead the presentation.

**January 20 2:00 pm – 3:00: PPP Loans and the Employee Retention Tax Credit Presented by Neil Bradley**

Webinar on new and or upcoming guidelines and rules surrounding PPP and ERTC. Neil Bradley will lead the presentation with a panel available to enhance the discussion.

**January 29 10:00 am – 11:00 am: PPP Loans and the Employee Retention Tax Credit Presented by Larry Donahue**

Webinar on new and or upcoming guidelines and rules surrounding PPP and ERTC. Larry Donahue will lead the presentation.

## Training Opportunities (Cont'd)

**January 19 2:00 pm – 3:30 pm: Cybersecurity 6 Part Series, Part 1**

Every Tuesday and Thursday until February 4, 2021.

**January 21 2:00 pm – 3:30 pm: Cybersecurity 6 Part Series, Part 2**

Every Tuesday and Thursday until February 4, 2021.

**January 26 2:00 pm – 3:30 pm: Cybersecurity 6 Part Series, Part 3**

Every Tuesday and Thursday until February 4, 2021.

**January 28 2:00 pm – 3:30 pm: Cybersecurity 6 Part Series, Part 4**

Every Tuesday and Thursday until February 4, 2021.

**January 20 9:30 am – 11 am: E-Commerce and Alternative Selling  
Methods**

Begins January 20 and is then held every 3rd Wednesday of the month until  
end of September

**January 22 11:30-1:00 pm) Basic Steps to Starting a Business in NM**

Every other Wednesday of the month at 9:30 am – 11:00 am starting  
January 22<sup>nd</sup> until end of September.

To Register for Training, request No Cost Business Counseling and/or Loan Application Assistance go to the SBDC website at <http://www.nmsbdc.org>

Visit the Website for Links to Numerous Other Resources

## What to Do First

Create a Strategy based upon available options:

- If PPP then start talking to Lender(s)
- If EIDL, EIDL Targeted Advance Grant, Debt Relief for Existing SBA Loans and/or SVO then go to SBA
- If ERTC or other tax related issues then go to an accountant, attorney, etc.
- The NMSBDC Network is always ready to assist!

# QUESTIONS/COMMENTS