



Local Business Relief Programs for Covid-19 are being created daily to help local businesses during the COVID-19 crisis, including the following programs below.

Important: We have provided general descriptions that may not be applicable to each and every situation. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal or accounting advice. You should consult your own tax, legal and accounting advisors. Finally, these programs are changing rapidly due to the evolving response to the COVID-19 emergency and these matters may change daily.

Federal Tax – Employee Retention Payroll Tax Credit

What is it? A refundable payroll tax credit for up to \$5,000 per employee for wages paid between March 13 and December 31, 2020.

Who is Eligible?

- For businesses with over 100 full-time employees, qualified wages are those paid when the employees are not providing services due to coronavirus-related shutdown orders.
- For businesses with 100 or fewer employees, all paid wages are qualifying wages.
- Paycheck Protection Program Loan recipients are ineligible (no double dip).

How Much Can I Receive? Up to 50% of the first \$10,000 of qualifying wages (including healthcare costs) paid by employers to each employee.

For more information:

- [U.S. Department of the Treasury - COVID-19 Employee Retention Credit](#)
- [Internal Revenue Service - Employee Retention Credit](#)

Federal Tax – Deferral of Employer and Self-Employed Social Security Taxes

What is it? The ability to defer payment of the employer share of Social Security taxes (6.2%) that would otherwise be due between March 27, 2020 and December 31, 2020. 50% must be paid by December 31, 2021, and the remainder by December 31, 2022.

Who is Eligible?

'Any business not receiving a Paycheck Protection Program Loan.

Self-employed individuals may be able to defer payments even if they receive Paycheck Protection Program Loans. Consult with an advisor.

For more information: Pending.

Federal Tax – Other Notable Business Tax Changes

- **Net Operating Losses** from 2018, 2019, or 2020 can be carried back five years to further reduce income tax liability in prior years. Additionally, net operating losses can fully offset income in tax years starting prior to January 1, 2018. These years were previously limited to a maximum 80% offset by the Tax Cuts and Jobs Act.
- **Qualified Improvement Property**, which are certain interior improvements to a non-residential building after it is constructed, can be immediately written off. These improvements previously had to be depreciated over the 39 year life of the building.

For more information: *Pending.*

Illinois – Emergency Grants for Bars, Restaurants, and Hotels (Applications Due by 5:00 pm on April 1)

What is it? Grants to support working capital like payroll, rent, job training, retaining, and technology to support operation shifts due to COVID-19.

Who is Eligible? Bars and restaurants with revenues of less than \$1 million, as well as hotels with revenues of less than \$8 million. Funds are limited and winners are chosen by lottery.

How Much Can I Receive?

Bars and restaurants that generated less than \$500,000 in annual revenue last year will be eligible for up to \$10,000.

Bars and restaurants that generated between \$500,000 and \$1 million in annual revenue last year will be eligible for up to \$25,000.

Hotels that generated less than \$8 million in annual revenue last year will be eligible for up to \$50,000.

For more information: [Illinois Department of Commerce and Economic Opportunity - Hospitality Emergency Grant Program](#)

Illinois Sales Tax Deferral for Bars and Restaurants

What is it? The ability for some taxpayers to defer payment of sales taxes that would otherwise be due in February, March, and April 2020. These taxes must be remitted in 25% increments in May, June, July, and August.

Who is Eligible? Eating and drinking establishments that incurred a total sales tax liability of less than \$75,000 in 2019.

For more information: [Illinois Department of Revenue - Short-Term Relief from Penalties for Late Sales Tax Payments](#)

Expanded Delivery and Carry-Out for Liquor Licensees

Restaurants with liquor licenses to offer carry-out, curbside pickup, and delivery of beer and wine in conjunction with the sale of meals. Typically, these restaurants can only provide beer and wine for consumption on the premises. Affected license holders received a letter with specific regulations applicable to carry-out, curbside pickup, and delivery.

Deferral of Niles Business Licenses, Food & Beverage Taxes, Liquor Licenses, and Gaming Licenses

The following fee payments are deferred (without late fees) until 60 days after the Stay-at-Home Executive Order is rescinded by the Governor: 1) Business License Fees, 2) Food & Beverage Taxes (Businesses must still file their Prepared Food and Beverage tax forms as you do with the State of Illinois sales tax form even if you are unable to make a payment), 3) Prorated Liquor License Fees and 4) Prorated Video Gaming Fees.

Please see below for some notable updates on possible assistance options:

1. General Resources

- [Small Business Owner Guide to the CARES Act](#) (from the U.S. Senate Committee on Small Business & Entrepreneurship)

This guide has frequently asked questions for each of the programs established or enhanced to support small businesses, and I have briefly summarized the major provisions of each program below to make it easier to digest.

2. Paycheck Protection Program Loans – Guidance now available.

General Information: The PPP program is designed to help small businesses maintain payroll in light of the COVID-19 pandemic. Eligible businesses who enroll in the program will receive a forgivable loan to use for payroll purposes, in addition to helping pay for utilities, rent, mortgage interest payments, and more. Details are included in the links below.

New Resources: This morning, the Small Business Administration distributed additional guidance from the U.S. Department of the Treasury on how the Paycheck Protection Program is going to be implemented and what both lenders and borrowers need to know. The following documents were provided:

- [General Program Overview for the Paycheck Protection Program](#)
- [PPP: Information for Lenders](#)
- [PPP: Information for Borrowers](#)
- [Sample Paycheck Protection Program Application](#)
- [Small Business Administration's PPP Page](#)

Key Dates: The start date for small businesses and sole proprietorships to submit PPP loan applications is **April 3, 2020**. The start date for independent contractors and self-employed individuals to submit PPP loan applications is **April 10, 2020**. *Importantly, the Treasury Department guidance urges businesses to apply as soon as possible, due to a funding cap in place on this program.*

Lender Information: PPP loans will be 100% federally guaranteed but handled by SBA-certified lenders. Lending institutions that are not currently SBA-certified but want to participate should email DelegatedAuthority@sba.gov.

Application Information: Interested parties should contact their local lender to see if they are SBA-certified and/or planning on participating in the program. Applicants will have to provide payroll documentation to the lender.

3. Economic Injury Disaster Loan Program remains available

General Information: The SBA's Economic Injury Disaster Loan (EIDL) program received significant funding in the Families First Act, which was the 2nd COVID-19 stimulus package. These SBA loans provide small businesses with a long-term, low interest loan of up to \$2 million to pay for expenses they would have met if not for the COVID-19 pandemic.

Note that these are loans, not grants, although refinancing an EIDL into a PPP Loan is a possibility, provided you used the fund for the proper purpose. Additionally, applicants can apply for both EIDL and PPP loans simultaneously, although the funds can not be used for the same purpose.

Application Process: The SBA has just recently rolled out a new, streamlined application process that is [available here](#). Note that if your business needs short term assistance, and you applied before this week, you may need to re-submit your application (see below).

If you have already applied for funds through EIDL and do not need the \$10,000 advance, your application should continue to be processed without additional steps. You may check on the status of your application by calling 800-659-2955.

4. Emergency Economic Injury Grants (advance on EIDL loans)

General Information: Businesses that need an infusion of capital in the short term and who have applied for a loan through the EIDL program can also apply for an Emergency Economic Injury Grant, which will provide an advance of \$10,000 from the requested EIDL amount. This process can be started from the EIDL application, [available here](#).

*Importantly, if you already submitted an EIDL application prior to the launch of this program (SBA says if you applied before Monday) you will have to **resubmit** an application using the streamlined process at the link above.*

5. SBA Small Business Debt Relief Program

The Small Business Administration is providing a program to assist small businesses who have non-disaster SBA loans – namely 7(a) loans, 504 loans, and microloans.

Program Benefits: The SBA will cover payments (on principal and interest) in addition to fees for six months.

Program Applicability: This program will apply to preexisting loans in these categories, in addition to *new borrowers who take out these loans within six months of the CARES Act becoming law*.

Loan Program Details: Please see the below links if you think that your business could benefit from these options:

- [7\(a\) Loan Program Information](#)
 - 7(a) loans max out at \$5 million are targeted towards borrowers who lack credit elsewhere and need access to flexible capital. These loans are offered through approved 7(a) lenders ([a list is available here](#))
- [504 Loan Program Information](#)
 - 504 Loans max out at \$5.5 million and provide long-term fixed-rate financing and may be a good option for businesses looking to purchase property or large equipment
- [SBA Microloan Program Information](#)
 - The SBA’s microloan program offers loans of up to \$50,000 to help small businesses start up or expand.

6. Employee Retention Tax Credit

General Information: The CARES Act includes a Employee Retention Tax Credit, designed to encourage employers to retain their employees during the COVID-19 crisis. The IRS describes the credit as a “fully refundable tax credit for employers equal to 50 percent of qualified wages (including allocable qualified health plan expenses) that Eligible Employers pay their employees. This applies to wages paid between March 12, 2020 and January 1, 2021, with a maximum credit for any employee amounting to \$5,000. Additional IRS guidance is [available here](#).

Key Caveat: This credit is *not available* to employers receiving assistance via the Paycheck Protection Program.

7. Employer Payroll Tax Deferral

General Information: According to the Guide, a provision in the CARES Act allows for the deferral of the employer portion of certain payroll taxes through the end of 2020. These deferred amounts are due in two installments – one at the end of 2021, the other at the end of 2022. Included deferrable taxes include the employer portion of FICA taxes and half of SECA tax liability. I have not seen additional IRS guidance on this yet, but I expect it soon at the [IRS coronavirus webpage](#).

Key Caveat: Deferral is not available to employers receiving assistance via the Paycheck Protection Program.

8. Business Counseling (+ Assistance with Applications)

General Information: In addition to direct financial assistance to small businesses and non-profits, the recent stimulus packages have included significant funding for enhanced small business counseling services. These organizations are well versed in how to help small businesses succeed and stand ready and willing to help your organization navigate these difficult times. Counseling resources include:

- [Illinois Small Business Development Center at West Side Forward](#)
 - Contact is Curtis Roeschley, 773-473-4774 / croeschley@bethelnewlife.org
- [Women’s Business Development Center](#)
 - 312-853-3477 / wbdc@wbdc.org / contact for loan assistance: Lotika Pai, lpai@wbdc.org
 - In addition to serving women entrepreneurs, the Women’s Business Development Center is mandated to serve the needs of underserved entrepreneurs, including low-income entrepreneurs.
- [Minority Business Development Agency Business Center](#)
 - 312-755-2563
- [Illinois Department of Commerce & Economic Opportunity](#)
 - CEO.Support@illinois.gov

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Hopefully this information is helpful. I again encourage potential applicants to familiarize themselves with the Senate’s [Small Business Owner Guide](#), which was the source of much of my information and goes into greater detail.

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