



# COVID-19 ECONOMIC RESOURCES

Congressman Earl Blumenauer ■ Third District of Oregon ■ [blumenauer.house.gov](http://blumenauer.house.gov)

## FAQs for employers

### **What if I have to lay people off or temporarily close my business because of issues related to COVID-19?**

Those workers may be able to receive Unemployment Insurance benefits. Unemployment Insurance benefits may be available to those who are on a temporary layoff. These benefits occur for claimants whose employer stops operation for a short period of time, such as cleaning following a coronavirus exposure. In these cases, employees expect to be back to work in four weeks or less. Workers can get Unemployment Insurance benefits, and do not need to seek work with other employers. They must be able to work, stay in contact with you as their employer, and be available to work when you call them back to the job. More information can be found in the [resources for unemployed workers](#) section.

### **Can any programs help minimize my layoffs?**

One option to consider is whether you may be able to use [Oregon's Work Share program](#). It helps employers prevent layoffs by reducing the schedules of workers, instead of laying them off, while benefits help to offset employees' lost wages.

In addition, the CARES Act authorized the Paycheck Protection Program – a small business is likely eligible for a low interest loan up to \$10 million. Small business owners can use this funding to provide for up to 8 weeks of average payroll and other costs. *These loans will be forgiven if your business retains its employees and their salary levels.*

### **What if I permanently close my business because of COVID-19 coronavirus?**

The Higher Education Coordinating Commission has [rapid response services](#) to plan for job transitions needed when a business closure or mass layoff occurs, including cases of natural and other disasters. Local Rapid Response teams coordinate with employer, worker representative, Trade Act and Labor.

### **I am a member of a limited liability company (LLC) and I have not requested to opt in to Unemployment Insurance. Can I file for benefits?**

Yes, anyone can file for Unemployment Insurance benefits. Currently excluded LLC members may elect coverage. Additional information is available from the Oregon Employment Department's Unemployment Insurance [Tax division](#).

### **I am a member of a limited liability company (LLC) that has opted into Unemployment Insurance coverage, can I file for unemployment benefits?**

Yes, anyone can file for unemployment benefits. In this case LLC members could receive benefits if they meet all eligibility requirements.



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## **I am a 501(c)(3), tribal, or other government entity that is a reimbursing employer. If my employees claim unemployment benefits related to COVID-19, will that affect my charges?**

The Coronavirus Aid, Relief, and Economy Security (CARES) Act provides federal payments to states to reimburse nonprofits, government agencies, and tribes for half the costs they incur through December 31, 2020 to pay unemployment benefits.

## **What are the new sick leave requirements for businesses that were established in the Families First Act?**

Employers with fewer than 500 employees must offer two weeks (10 days) of paid sick leave for COVID-19-related reasons, including illness or for those seeking a diagnosis. Existing leave policies can count towards these requirements.

## **How much is the sick leave benefit?**

The benefit must replace all of the employee's wages up to a maximum benefit of \$511 per day. If an employee is caring for another individual who is sick, the benefit must replace at least two-thirds of the employee's wages up to a maximum benefit of \$200 per day.

## **Paid sick leave is expensive – how am I going to pay for this?**

There is a federal paid sick leave tax credit available to offset 100% of employer costs for providing mandated paid sick leave. The credit also offsets, uncapped, the employer contribution for health insurance premiums for the employee for the period of leave. It is a refundable payroll tax credit that will either lower payroll tax liability or be sent as refund for every calendar quarter in which you pay wages as part of this requirement.

## **What about the business requirements for family leave?**

Employers with fewer than 500 employees must offer 12 weeks of paid family leave for certain employees. This covers all employees with minor children whose school or place of care has closed.

## **How much is the family leave benefit?**

This paid leave must amount to at least two-thirds of an employee's wages. It's capped at \$200 per day.

## **Paid family and medical leave is expensive – how am I going to pay for this?**

The paid family leave tax credit offsets 100% of employer costs for providing mandated family leave. The credit also offsets, uncapped, the employer contribution for health insurance premiums for the employee for the period of leave. It is a refundable payroll tax credit that will either lower payroll tax liability or be sent as refund for every calendar quarter in which you pay wages as part of this requirement.



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## **What businesses are required to provide paid sick leave and paid family and medical leave?**

Both the requirement and the tax credits are targeted towards employers with fewer than 500 employees. Businesses with fewer than 50 employees and health care providers like hospitals and nursing homes can apply with the U.S. Department of Labor for an exemption.

## **I am self-employed, what about me?**

Gig workers and people who are self-employed also get these paid sick leave and paid family and medical leave benefits in the form of a tax credit.

## **I'm a tax-exempt non-profit – will I benefit from these paid sick leave and paid family and medical leave tax credits?**

Yes, nonprofit employers will still benefit from the credit because it is a credit against payroll taxes, which both nonprofit and for-profit employers pay.

## **Are these requirements the new normal?**

No, these benefits only apply to workers stuck at home due to COVID-19.

## **Who is eligible for the Paycheck Protection Program?**

Small and Medium sized businesses, non-profits, independent contractors and the self-employed. This includes churches but only to cover payroll costs of an associated business, like a thrift store. Small businesses in the hospitality and food industry with more than one location could also be eligible at the store and location level if the store employs less than 500 workers.

## **Are small businesses required to have 500 or fewer employees to be eligible borrowers in the Paycheck Protection Program?**

No. Small businesses can be eligible borrowers even if they have more than 500 employees, as long as they satisfy the existing statutory and regulatory definition of a “small business concern” under section 3 of the Small Business Act. A business can qualify if it meets the SBA employee-based or revenue-based size standard corresponding to its primary industry. The Small Business Administration’s industry size standards are available on the [Small Business Administration’s website](http://www.sba.gov).

Additionally, a business can qualify for the Paycheck Protection Program as a small business concern if it met both tests in SBA’s “alternative size standard” as of March 27, 2020: (1) maximum tangible net worth of the business is not more than \$15 million; and (2) the average net income after Federal income taxes (excluding any carry-over losses) of the business for the two full fiscal years before the date of the application is not more than \$5 million.



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### **Does my business have to qualify as a small business concern (as defined in section 3 of the Small Business Act, 15 U.S.C. 632) in order to participate in the PPP?**

No. In addition to small business concerns, a business is eligible for a PPP loan if the business has 500 or fewer employees whose principal place of residence is in the United States, or the business meets the SBA employee-based size standards for the industry in which it operates (if applicable). Similarly, PPP loans are also available for qualifying tax-exempt nonprofit organizations described in section 501(c)(3) of the Internal Revenue Code (IRC), tax-exempt veterans organization described in section 501(c)(19) of the IRC, and Tribal business concerns described in section 31(b)(2)(C) of the Small Business Act that have 500 or fewer employees whose principal place of residence is in the United States, or meet the SBA employee-based size standards for the industry in which they operate.

### **Are borrowers required to apply Small Business Administration (SBA) affiliation rules?**

Yes. Borrowers must apply the affiliation rules set forth in SBA's Interim Final Rule on Affiliation. A borrower must certify on the Borrower Application Form that the borrower is eligible to receive a PPP loan, and that certification means that the borrower is a small business concern as defined in section 3 of the Small Business Act (15 U.S.C. 632), meets the applicable SBA employee-based or revenue-based size standard, or meets the tests in SBA's alternative size standard, after applying the affiliation rules, if applicable. SBA's existing affiliation exclusions apply to the PPP, including, for example the exclusions under 13 CFR 121.103(b)(2).

### **Is the Paycheck Protection Program a grant for my business?**

No but it is similar. The program gives out loans, but the amount of the loan forgiven at the end of the year depending on what it's used for. This amount will be determined by how many employees were retained on the company's payroll, up to 100 percent for full retention. At least 75% of the forgiven amount must have been used for payroll for individuals below \$100,000 in annual income. The additional amount can cover mortgage and rent including interest and utility payments.

### **The CARES Act excludes from the definition of payroll costs any employee compensation in excess of an annual salary of \$100,000. Does that exclusion apply to all employee benefits of monetary value?**

No. The exclusion of compensation in excess of \$100,000 annually applies only to cash compensation, not to non-cash benefits, including:

- employer contributions to defined-benefit or defined-contribution retirement plans;
- payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums; and



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- payment of state and local taxes assessed on compensation of employees.

## What business activities are covered by the Paycheck Protection Program?

A business can get a loan to cover up to 2.5 months of payroll and any new Small Business Administration disaster loan balances incurred because of Coronavirus. The loan cannot exceed \$10 million.

## Do Paycheck Protection Program loans cover paid sick leave?

Yes. Paycheck Protection Program loans cover payroll costs, including costs for employee vacation, parental, family, medical, and sick leave. However, the CARES Act excludes qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act (Public Law 116–127).

## How do seasonal businesses take advantage of the Paycheck Protection Program if the business wasn't fully ramped up on February 15, 2020?

In evaluating a borrower's eligibility, a lender may consider whether a seasonal borrower was in operation on February 15, 2020 or for an 8-week period between February 15, 2019 and June 30, 2019.

## Are business owners that pleaded guilty to a felony crime a long time ago still eligible for the Paycheck Protection Program?

Yes. Businesses are only ineligible if an owner of 20 percent or more of the equity of the applicant is presently incarcerated, on probation, on parole; subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction; or, within the last five years, for any felony, has been convicted; pleaded guilty; pleaded nolo contendere; been placed on pretrial diversion; or been placed on any form of parole or probation (including probation before judgment).

## The [interim Small Business Administration rule](#) states that lenders must “[c]onfirm the dollar amount of the average monthly payroll costs for the preceding calendar year by reviewing the payroll documentation submitted with the borrower’s application.” Does that require the lender to replicate every borrower’s calculations?

No. Providing an accurate calculation of payroll costs is the responsibility of the borrower, and the borrower must attest to the accuracy of those calculations. Lenders are expected to perform a good faith review, in a reasonable time, of the borrower’s calculations and supporting documents concerning average monthly payroll cost. The level of diligence by a lender should be informed by the quality of supporting documents supplied by the borrower. Minimal review of calculations



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based on a payroll report by a recognized third-party payroll processor, for example, would be reasonable.

If lenders identify errors in the borrower's calculation or material lack of substantiation in the borrower's supporting documents, the lender should work with the borrower to remedy the error.

### **Are lenders required to make an independent determination regarding applicability of affiliation rules to borrowers?**

No. It is the responsibility of the borrower to determine which entities (if any) are its affiliates and determine the employee headcount of the borrower and its affiliates. Lenders are permitted to rely on borrowers' certifications.

### **Are lenders permitted to use their own online portals and an electronic form that they create to collect the same information and certifications as in the Borrower Application Form, in order to complete implementation of their online portals?**

Yes. Lenders may use their own online systems and a form they establish that asks for the same information (using the same language) as the Borrower Application Form. Lenders are still required to send the data to SBA using SBA's interface.

### **What is the interest rate for Paycheck Protection Program loans?**

Initial rates are set at 0.5 percent and are capped at 4 percent.

### **What will payments look like?**

**The first payment will be due after six months. The full loan must be repaid in two years.**

### **How long does the Paycheck Protection Program last?**

The program is open until June 30, 2020, as it is intended for immediate payroll relief for your business. The new loans apply to costs incurred retroactively to Feb. 15 through June 30.

### **How do I apply for the Paycheck Protection Program?**

You can apply for this program through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Other regulated lenders will be available to make these loans once they are approved and enrolled in the program. You should consult with your local lender as to whether it is participating in the program.

### **What information do I need to submit?**

You will need to file an application with your lender. This application is a significantly stripped-down version of the typical SBA loan application. You will be asked to provide basic identifying information for your business, your business TIN number, your average monthly payroll, the



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number of jobs supported by your company and what specifically you want to sue the loan money for. You will also be asked to list all owners who hold at least a 20 percent ownership stake in the company and affirm that they are not party to federal crimes.

The Small Business Administration has provided information about the Paycheck Protection Program and the application process on their [website](#).

## **When can I apply for the Paycheck Protection Program?**

Small businesses can apply with their lender now. Some lenders began processing loan applications on Friday, April 3, 2020, the first day it was available.

## **Can I receive a Small Business Administration loan now?**

The federal government has approved Oregon's request for a Small Business Administration disaster declaration and all eligible small businesses in Oregon can now apply for and receive these loans through the [Small Business Administration's website](#).

## **Who qualifies for Small Business Administration loans?**

Most small businesses, agricultural cooperatives, and private nonprofit organizations in states that are approved for the program qualify for these loans, which can be used to help overcome a temporary loss of revenue from COVID-19.

## **What are the details behind Small Business Administration loans? What can I use them for? What are the interest rates?**

Loan amounts will be based on actual economic injury and a company's financial needs and can be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact. The interest rate is 3.75% for small businesses and 2.75% for non-profits. These loans have a long-term repayment of up to 30 years, with terms based on the situation of the borrower.

## **Where do I apply for Small Business Administration loans?**

The Small Business Administration has an [online application form](#) on their website.

## **What information do I need for a Small Business Administration loan?**

To apply, you must submit the [online application](#) and provide a copy of IRS Form 4506-T, which gives the IRS the authority to pass your tax information on to the Small Business Administration.

## **Who is eligible for the Emergency Economic Injury Grants?**



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Independent contractors, the self-employed, private non-profits, and small businesses and medium sized businesses with up to 500 employees, including startups, cooperatives, and ESOPs who apply for a Small Business Administration loan.

## **What is a private non-profit?**

Private non-profits include churches and private universities.

## **How quickly will grants be made?**

These grants must be sent out within 3 days after the Small Business Administration has verified your business is eligible.

## **Are grant recipients eligible for other Small Business Administration programs?**

Yes, businesses remain eligible for the paycheck protection program, disaster loans, and regular Small Business Administration-backed loans.

## **Who is covered by debt relief?**

Current and new 7(a) and 504 borrowers. Those include small businesses, sole proprietors, cooperatives, and ESOPs.

## **How does debt relief work?**

The Small Business Administration will pay the principal and interest for the next 6 months on a Small Business Administration-backed loan.

## **Does my business qualify to receive the Employee Retention Tax Credit?**

The credit is available to all employers regardless of size, including tax-exempt organizations. There are only two exceptions: State and local governments and their instrumentalities and small businesses who take small business loans.

Qualifying employers must fall into one of two categories:

1. The employer's business is fully or partially suspended by government order due to COVID-19 during the calendar quarter.



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2. The employer's gross receipts are below 50% of the comparable quarter in 2019. Once the employer's gross receipts go above 80% of a comparable quarter in 2019, they no longer qualify after the end of that quarter.

These measures are calculated each calendar quarter.

## How is the Employee Retention Tax Credit calculated?

The amount of the credit is 50% of qualifying wages paid up to \$10,000 in total. Wages paid after March 12, 2020, and before Jan. 1, 2021, are eligible for the credit. Wages taken into account are not limited to cash payments, but also include a portion of the cost of employer provided health care.

## How do I know which wages qualify?

Qualifying wages are based on the average number of a business's employees in 2019.

*Employers with less than 100 employees:* If the employer had 100 or fewer employees on average in 2019, the credit is based on wages paid to all employees, regardless if they worked or not. If the employees worked full time and were paid for full time work, the employer still receives the credit.

*Employers with more than 100 employees:* If the employer had more than 100 employees on average in 2019, then the credit is allowed only for wages paid to employees who did not work during the calendar quarter.

## I am an eligible employer. How do I receive my Employee Retention Tax Credit?

Employers can be immediately reimbursed for the credit by reducing their required deposits of payroll taxes that have been withheld from employees' wages by the amount of the credit.

Eligible employers will report their total qualified wages and the related health insurance costs for each quarter on their quarterly employment tax returns or Form 941 beginning with the second quarter. If the employer's employment tax deposits are not sufficient to cover the credit, the employer may receive an advance payment from the Internal Revenue Service by submitting [Form 7200](#), Advance Payment of Employer Credits Due to COVID-19.

Eligible employers can also request an advance of the Employee Retention Credit by submitting Form 7200 to the Internal Revenue Service.



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**Where can I find more information on the Employer Retention Credit from the Internal Revenue Service?**

Updates on the implementation of this [credit](#) and other information can be found on the [Coronavirus page](#) of the Internal Revenue Service's website.