

## **Coronavirus Stimulus Plan Phase III How You Can Benefit**

President Trump signed the historic \$2.2 trillion Phase III stimulus package (CARES Act) last week. The CARES Act allocates \$350 billion to help small business keep workers employed during this economic downturn. It is important for [small businesses to understand](#) how to obtain financial relief through the Paycheck Protection Program. Below is a guide to the types of assistance that small businesses can apply for, and how to do it.

### **ASSISTANCE FOR SMALL BUSINESSES**

#### **Paycheck Protection Program**

This program through the U.S. Small Business Administration (SBA) provides partially forgivable loans to small businesses to help with cashflow assistance, in order to prevent layoffs and business closures, during the economic crisis caused by the COVID-19 virus. Eligible organizations include for-profit businesses, nonprofits, veterans' organizations, and Tribal businesses with fewer than 500 employees as of February 15, 2020. This includes sole proprietors, independent contractors and self-employed business owners. If [eligible](#), business owners will soon be able to apply by contacting their local bank or credit union.

#### **SBA Emergency Economic Impact Disaster Loan (EIDL) Grant**

This grant allows a business that has applied for an EIDL loan due to COVID-19 to request an immediate advance of up to \$10,000. This assistance is available to businesses, cooperatives, ESOPs, Tribal businesses, nonprofits, sole proprietors, and independent contractors with fewer than 500 employees. Business owners should apply [directly through the SBA](#).

#### **SBA Disaster Assistance Loans**

SBA's Economic Injury Disaster Loans offer up to \$2 million in assistance per small business and can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing. The program offers a 3.75% interest rate for small business and 2.75% for nonprofits. Business owners should apply [directly through the SBA](#).

#### **SBA Express Bridge Loan**

- Allows small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 with less paperwork.
- Can be a term loan or be used to bridge the gap while applying for a direct SBA Economic Injury Disaster Loan (EIDL).
- Will be repaid in full or in part by proceeds from the EIDL loan. Business owners can find an Express Bridge Loan Lender via [SBA's Lender Match Tool](#) or by connecting with your [local SBA District Office](#).

### **Debt Relief for Existing and New SBA Borrowers**

The bill includes \$17 billion in funding to provide immediate relief to small businesses with standard SBA 7(a), 504, or microloans. The SBA will cover all loan payments for existing SBA borrowers, including principal, interest, and fees, for six months.

### **INDIVIDUAL BENEFITS**

The CARES Act includes several new and expanded benefits to unemployed Iowans. Please visit [Iowa Workforce Development's website](#) for the latest available details about this assistance.

### **BUSINESS TAX RELIEF**

The business tax relief changes included in the Act are federal and will not necessarily automatically apply to Iowa taxes. The Department of Revenue will put out guidance regarding Iowa's conformity with these changes as soon as possible that will be found here:

<https://tax.iowa.gov/COVID-19>

### **There are several tax relief measures in the CARES Act that benefit businesses, including:**

- A refundable payroll tax credit for 50% of wages paid to employees during the COVID-19 crisis
- Deferral of certain payroll taxes through the end of 2020
- Modification of Net Operating Loss carrybacks and carryforwards
- Allows corporations to claim 100% of AMT credits in 2019 as fully refundable.
- Increased interest expense that businesses may deduct from 30% of ATI to 50% of ATI
- Temporary suspension of alcohol taxes on spirits used in production of hand sanitizer in compliance with FDA guidance. Contact the [Iowa Alcoholic Beverages Division](#) with questions.

*This information updated on March 30, 2020; details may change. Please check program websites for the latest updates.*