

Coronavirus Aid, Relief, and Economic Security (CARES) Act

On Friday March 27, 2020, the President signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act is the single largest aid package in US history providing over \$2 trillion in economic aid.

Our website contains an overview of the main tax impacts of the CARES Act including the Recovery Rebate payments to individuals, the relaxation of certain distribution rules on retirement accounts, charitable deductions, student loan relief, and more. Visit the COVID-19 page at [davisgraves.com](https://www.davisgraves.com/covid-19) for details (<https://www.davisgraves.com/covid-19>).

Paycheck Protection Program (PPP)

One of the main business-supporting provisions of the CARES Act is the Paycheck Protection Program (PPP). The Paycheck Protection Program authorized the Small Business Administration (SBA) to issue up to \$349 billion in loans to small businesses impacted by the economic uncertainty caused by the COVID-19/coronavirus pandemic. Qualified businesses can borrow up to 2½ times their average monthly payroll costs to fund their business needs. Paycheck Protection Program loans can be used to cover wages and salaries, group health insurance premiums, rent expense, mortgage interest and utility costs (subject to some limitations).

To the extent that these PPP loan proceeds are used for wages and salaries, group health insurance premiums, rent, mortgage interest or utilities, the loan will be forgiven. The amount of the loan forgiveness will be reduced if a business reduces its overall workforce or if its payroll drops by over 25% after taking the loan. Any loan amounts that are not forgiven will need to be repaid by the business over a 10-year term at a fixed 4% interest. Businesses will not have to treat any forgiven loan amounts as taxable income.

Paycheck Protection Program (PPP) loans will not be issued directly by the federal government but instead issued through participating banks and credit unions. Businesses will be able to submit applications to their participating banks and credit unions starting **April 3, 2020**.

We expect demand for these Paycheck Protection Program (PPP) loans to be very high!

Below is a list of banks we understand to be participating in SBA lending programs. This is not meant to be an all-inclusive list. Check with your bank or credit union to see if they are participating -and- alert them if you are interested in applying for a Paycheck Protection Program (PPP) loan.

[Key Bank](#)
[Washington Federal Bank](#)
[Chase Bank](#)
[Bank of America](#)
[Umpqua Bank](#)
[Wells Fargo Bank](#)
[US Bank](#)
[Clackamas County Bank](#)
[Lewis & Clark Bank](#)

Additional Paycheck Protection Program (PPP) Resources

Following is a link to the **Paycheck Protection Program Borrower's Guide** released by the Small Business Administration (SBA) on March 31, 2020. We recommend that all business clients (including independent contractors and self-employed individuals) get familiar with the program.

https://home.treasury.gov/system/files/136/PPP%20Borrower%20Information%20Fact%20Sheet.pdf?j=268557&sfmc_sub=108325215&l=3151_HTML&u=8813282&mid=7306387&jb=16&utm_medium=email&SubscriberID=108325215&utm_source=NewsUp_A20Mar225&Site=aicpa&LinkID=8813282&utm_campaign=Newsupdate&cid=email:NewsUp_A20Mar225:Newsupdate:accompanying+borrower+guide:aicpa&SendID=268557&utm_content=Special

Following is a link to the **Paycheck Protection Program Application** released by the Small Business Administration (SBA) on March 31, 2020.

https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Application-3-30-2020-v3.pdf?j=268557&sfmc_sub=108325215&l=3151_HTML&u=8813279&mid=7306387&jb=16&utm_medium=email&SubscriberID=108325215&utm_source=NewsUp_A20Mar225&Site=aicpa&LinkID=8813279&utm_campaign=Newsupdate&cid=email:NewsUp_A20Mar225:Newsupdate:Paycheck+Protection+Program+application:aicpa&SendID=268557&utm_content=Special

Emergency Economic Injury Disaster Loan (EIDL)

Another provision of the CARES Act is the Emergency Economic Injury Disaster Loan (EIDL) program. This is for businesses that are suffering right now and need rapid source of funding. Businesses that qualify can get an immediate \$10,000 loan within days of application and approval. A key feature of these loans is that they also do not have to be repaid under most circumstances.

Following is a link to the EIDL program application <https://covid19relief.sba.gov/#/>

Please let your [Davis & Graves CPA](#) know if you have questions or wish to discuss any of these programs further. Thanks for your support and understanding as we work to rapidly adjust to this massive and far-reaching new law. Stay safe and well.