

COVID-19 ECONOMIC RELIEF FOR DISTILLERS



Provisions summarized here contain additional stipulations. This resource is intended to serve as a compendium of available programs and public information and is not intended as financial advice.

Please consult with your accountant, lawyer, and/or lender to decide what is best for your business. This resource will be updated as additional information is made available.

PROGRAM NAME	MAXIMUM RELIEF	TERMS	USES	UNIQUE FEATURES	HOW TO APPLY
No- and low-interest loans					
Paycheck Protection Program (PPP)*	250% of employer's average monthly payroll (excluding salaries greater than \$100,000) for a maximum benefit of \$10,000,000 <i>Note:</i> Amount available through Express Loans is increased from \$350,000 to \$1,000,000.	The deadline to apply for a PPP has been extended to August 8! The PPP Flexibility Act extended the covered period to 24 weeks after origination, or through December 31, 2020. Any remaining balance after forgiveness of eligible principal will	The loan can be used for salary, wages, payment of cash tips (up to an annual rate of \$100,000); payment of cash tip or equivalent; payment of vacation, parental, medical, or sick leave (except where a tax credit is provided through section 7001 or 7003 of second COVID-19 relief package); allowance for dismissal or separation; employee group health care benefits (including insurance premiums); retirement contributions; payments of interest on mortgage obligations; rent; utilities; interest on debt obligations incurred before February 15, 2020; and	Businesses with fewer than 500 employees, businesses that meet SBA size standards , and businesses with fewer than 500 employees per location if they operate under the North American Industry Classification System code beginning with 72 are eligible to apply. If all employees are kept on payroll for eight weeks, SBA will forgive the portion of the loans used for payroll, rent, mortgage interest, and/or utilities for eight weeks. Up to 100% of the loan's principal for these items is forgivable. The recently enacted PPP Flexibility Act requires that <u>at least 60%</u> of a loan be used for payroll costs to be eligible for forgiveness, relaxing the prior requirement that at least 75% be used for payroll-related costs. A press release on 6/8 noted: "If a borrower uses less than 60 percent of the loan amount for payroll costs during the	The PPP application is available online, and once completed, can be submitted to your lender (form updated 4/2): https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Application-3-30-2020-v3.pdf . The SBA has provided an extensive list of participating lenders (5/5 update), sorted by state. On 7/06, the SBA publicly released data and information on PPP loan recipients. Recipients of loans greater than \$150,000 are identified by business name; recipients of loans under \$150,000 are not publicly identified.

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		<p>have maximum maturity of 10 years from date of application of forgiveness with a maximum interest rate of 4%. The recently enacted PPP Flexibility Act allows for a maturity period of not less than 5 years on new loans enacted on or after June 5, 2020. The interest rate remains 1%.</p> <p>The PPP Flexibility Act also extends the deferral until the date on which the amount of forgiveness determined is remitted to the lender.</p>	<p>payment of state or local tax assessed on employee compensation.</p> <p>The SBA's PPP Frequently Asked Questions (updated 5/27) for borrowers and lenders provides additional detail.</p>	<p>forgiveness covered period, the borrower will continue to be eligible for partial loan forgiveness, subject to at least 60 percent of the loan forgiveness amount having been used for payroll costs.”</p> <p>The forgiven amount will be reduced proportionally by any reduction in employees retained compared to the prior year and reduced by the reduction in pay of any employee beyond 25% of their prior year compensation. Borrowers that re-hire workers previously laid off will not be penalized for having a reduced payroll at the beginning of the period. The newly enacted PPP Flexibility Act provides “safe harbor” and includes a provision exempting borrowers from the proportional reduction in loan forgiveness to the number of full-time employees retained recognizing many employers’ difficulties in hiring/rehiring and inability to return to the same level of business activity as before the pandemic.</p> <p>Standard SBA provisions related to availability of credit and personal guarantee requirements do not apply. There are no borrower or lender fees.</p> <p>Loan forgiveness requires rigorous documentation, including payroll tax filings; state income, payroll, and unemployment insurance filings; and other documentation verifying payments on mortgage obligations, rent, and</p>	<p>You can access the loan forgiveness application form and instructions here. The PPP loan forgiveness application explains how to calculate your forgiveness amount, determine your eligible payroll and nonpayroll costs, document eligibility for loan forgiveness and apply the CARES Act’s safe harbor for remedying payroll or headcount reductions. On 6/17, the SBA released a more “borrower-friendly” EZ forgiveness application for borrowers who (a) are self-employed or have no employees, (b) did not reduce the salaries or wages of their employees by more than 25% and did not cut their hours or reduce the number of employees, or (c) experienced reductions in business activity as a result of COVID-19-related directives and did not reduce the salaries or wages of employees by more than 25%.</p> <p>The Treasury Department’s announcement on the forgiveness procedures is available here, and the SBA has released its interim final</p>
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Main Street Lending Program	As of June 8, 2020, up to \$35,000,000 for new loans, up to \$50,000,000 for priority loans, and up	LIBOR + 3% interest rate. As of 6/23, loans issued under the program have a 5 maturity,		<p>The Main Street Protection Program is being expanded to enable businesses with up to 15,000 employees or up to \$5 billion in annual revenue to be eligible for loans with a minimum size of \$250,000.</p> <p>For additional information, please see:</p>	<p><i>*As of 6/23, lender registration is now open. Federal Reserve is working to create infrastructure necessary to fully operationalize the program.*</i></p>

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	to \$300,000,000 for expanded loans.	deferral of principal payments for 2 years, and deferral of interest payments for 1 year.		<ul style="list-style-type: none"> - Expansion announcement (6/8) - The Main Street Lending Program webpage, which includes term sheets and FAQ documents 	<i>Note:</i> Can be combined with PPP, but unlike PPP, these loans are <u>not</u> forgivable
Economic Injury Disaster Loan (EIDL)*	\$2,000,000. <u>5/7 Update:</u> Reporting suggests EIDL loans are being capped at \$150,000.	3.75% interest, long-term repayment available over up to 30 years	Fixed debts; payrolls; accounts payable and other bills that can't be paid because of disaster's impact	<p>Access to EIDL has historically been limited to businesses without access to credit elsewhere and required personal guarantees, but these may be waived.</p> <p><u>UPDATE:</u> SBA has resumed processing applications submitted prior to 4/15 and is processing on a first-come, first-served basis. SBA is only accepting new applications from agricultural businesses at this time.</p>	<p>You can apply at https://covid19relief.sba.gov/#/ both EIDL and emergency EIDL grants.</p> <p><i>Note:</i> This program <u>can</u> be combined with the employee retention tax credit.</p>
Express Bridge Loan (EBL) Pilot Program*	Up to \$25,000	Prime + 6.5% interest, can be repaid using EIDL loan or over a maximum of 7 years if the borrower does not obtain long-term disaster financing COVID-19-related loans can be approved through March 13, 2021.	Supporting the survival and/or reopening of the small business; working capital	If a small business has an urgent need for cash while waiting for decision and disbursement on an EIDL, they may qualify for an SBA Express Disaster Bridge Loan. These loans allow small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 with less paperwork. Lenders required to certify that applicant does not have the ability to obtain some or all of the loan funds from non-federal sources without SBA assistance. Lenders are not required to take collateral. First disbursement of the EBL should occur within 45 days of the lenders' receipt of an SBA loan number and must occur no later than 90 days from that date, or else EBL is cancelled.	You can learn if your lender is an EBL Lender by connecting with your local SBA District Office . SBA Express Lenders may only make EBLs to eligible small businesses with which the Lender had an existing banking relationship on or before the date of the applicable disaster (e.g., March 13, 2020, for COVID-19).

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Economic Stabilization Fund	*variable*	The maximum term is 5 years with an annualized interest rate not higher than 2% per annum with no principal and interest due for the first 6 months.	Ensuring businesses retain at least 90% of the borrowers' workforce at full compensation and benefits until September 30, 2020, or restore not less than 90% of the workforce that existed as of February 1, 2020, and to restore all compensation and benefits no later than 4 months after the termination date of the public health emergency	Eligible companies must be domiciled in the United States. These resources are intended for businesses with 500-10,000 employees. Loans are ineligible for forgiveness. For companies accessing loan or loan guarantees, there's a prohibition on stock or equity buybacks, prohibition on dividends and other capital disbursements, and limitations on compensation for officers and high-earning employees until 12 months after the loan or loan guarantee is no longer outstanding. Recipients cannot outsource jobs for the term of the loan and 2 years following completing repayment. Recipients also cannot abrogate existing collective bargaining agreements for the term of the loan or the 2 years following repayment and will remain neutral in any union-organizing effort for the term of the loan.	Economic Stabilization Funds may be used for purchasing obligations or other interests (either directly from issuers or through secondary markets) or making loans, including other advances secured by collateral. The Secretary of Treasury is directed to endeavor to seek the implementation of this program for these purposes through banks and other lenders.
Grants and Debt Relief					
Emergency EIDL Grant*	\$10,000	The covered period is January 31 – December 31, 2020.	Payroll; paid sick leave; service to debt obligations	Emergency EIDL grants are expedited access to capital available within 3 days.	You can apply at https://covid19relief.sba.gov/#/ both EIDL and emergency EIDL grants.
Small Business Debt Relief*	Principal, interest, and fees on all existing SBA loan products for 6 months	This program is in effect for a 6-month period beginning with the date of enactment (March 27, 2020).		Small Business Debt Relief applies to all SBA products, including 7(a), Community Advantage, 504, and Microloan programs not in deferment for 6 months to provide relief to businesses negatively affected by COVID-19. The SBA will also pay the principal and interest of <u>new</u> 7(a) loans issued prior to September 27, 2020. The SBA will pay	For current SBA Serviced Disaster (Home and Business) Loans, if the loan was in "regular servicing on March 1, the SBA is providing automatic deferment through December 31, 2020. Interest will continue to accrue during this time.

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				the principal and interest of <u>current</u> 7(a) loans for a period of six months.	<i>Note:</i> PPP and EIDL loans are ineligible.
Delays and Deferments in Tax Payments					
Tax Filing	Tax filing deadline extended from April 15 to July 15			Businesses and individuals can postpone estimated tax payments due from the date of enactment until October 15, 2020, with no cap on the amount of payment postponed.	
Employer Payroll Taxes	Deferred payment of the employer share of the Social Security Tax			Deferred employment tax can be paid over the following two years, with half the amount required to be paid by December 31, 2021, and the other half by December 31, 2022.	The PPP Flexibility Act enacted into law on 6/5 allows employers to take advantage of the employer payroll tax deferral even if the PPP is forgiven.
Tax Credits					
Qualified Improvement Property		Effective for retail, restaurant, and qualified improvement property placed in service after September 27, 2017	This provision is a technical correction to the 2017 Tax Cuts and Jobs Act to re-establish the 15-year depreciable class life for qualified improvement, retail, and restaurant property, eliminating the ability to claim bonus depreciation on such property.	To correct an error in the tax code known as the “retail glitch,” businesses will be able to immediately write off costs associated with improving facilities instead of having to depreciate those improvements over the 39-year life of the building. Because this is a correction, it allows them to amend a prior year return, while incentivizing investment.	Additional IRS guidance is anticipated regarding the accounting method change procedures to use, including those circumstances where more than one return has been filed.
Employee Retention Tax Credit (ERTC)	Credit for each calendar quarter equal to 50% of the qualified wages with respect to each employee for such calendar	Applies to wages paid after March 12, 2020, and before January 1, 2021	Tax credit for retaining employees despite governmental orders limiting commerce, gravel, or group meetings; partial or full trade or business operation suspension; or significant decline in gross receipts	Eligible employers either: <ul style="list-style-type: none"> - Must have had their operations fully or partially suspended during the calendar quarter due to orders from an appropriate governmental authority limiting commerce, travel, or group meetings due to COVID-19, <u>OR</u> - Must have experienced a 50% loss compared to the same 	Eligible employers can request advance payment through IRS Form 7200 . <i>Note:</i> This program cannot be combined with the PPP but <u>can</u> be combined with the EIDL. Employers can elect to not take this tax credit.

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	<p>quarter up to the first \$10,000 of compensation per employee (maximum \$5,000 credit per employee total)</p>			<p>quarter in prior years and with eligibility ending following the first calendar quarter in which gross receipts exceed 80% of gross receipts from the same calendar quarter the prior year.</p> <p><i>5/1 update:</i> The IRS has posted detailed responses to Frequently Asked Questions online for greater clarification.</p> <p>For eligible employers with 100 or fewer full-time employees, all employee wages qualify for the credit, whether the employer is open for business or subject to a shutdown. For eligible employers with more than 100 employees, only employee wages from the period during which the employee was not providing services during either aforementioned scenario qualify for the credit.</p>	
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