

# COVID-19 ECONOMIC RELIEF FOR DISTILLERS



Provisions summarized here contain additional stipulations. This resource is intended to serve as a compendium of public information on COVID-19-related programs 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
<b>No- and low-interest loans</b>					
<b>Paycheck Protection Program (PPP)*</b>	<p>250% of employer's average monthly payroll (excluding salaries greater than \$100,000) for a maximum benefit of \$10,000,000</p> <p><i>Note:</i> Amount available through Express Loans is increased from \$350,000 to \$1,000,000.</p>	<p><u>The deadline to apply for a PPP was <b>August 8, 2020.</b></u></p> <p>The PPP Flexibility Act extended the covered period to 24 weeks after origination, or through December 31, 2020.</p> <p>Any remaining balance after forgiveness of eligible principal will have maximum</p>	<p>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 payment of state or</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 utilities. Forgiveness will <u>not</u> be provided without submission of documentation.</p> <p>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.</p> <p>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 <a href="#">press release</a> on June 8 noted: "If a borrower uses less than 60 percent of the loan amount for payroll costs during the</p>	<p>On July 6, the SBA <a href="#">publicly released data and information</a> on PPP loan recipients.</p> <p>You can access the loan forgiveness application form and instructions <a href="#">here</a> or the EZ forgiveness application <a href="#">here</a> (form expires October 31). 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.</p> <p>The Treasury Department's announcement on the forgiveness procedures is available <a href="#">here</a>, and the SBA</p>

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		<p>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>Additional information is available from the <a href="#">Department of the Treasury's PPP Fact Sheet</a>.</p>	<p>local tax assessed on employee compensation.</p> <p>The SBA's <a href="#">PPP Frequently Asked Questions</a> (updated May 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>For more information about the PPP, please consider consulting:</p> <ul style="list-style-type: none"> <li>- <a href="#">PPP Affiliate Interim Final Rule</a> (effective April 15)</li> <li>- <a href="#">Interim Final Rule on Seasonal Employers</a> (effective April 28)</li> <li>- <a href="#">Interim Final Rule on Treatment of Entities with Foreign Affiliates</a></li> <li>- <a href="#">Interim Final Rule on SBA Loan Review and Borrower and Lender Responsibilities</a></li> </ul>	<p>has released its <a href="#">interim final rule on PPP loan forgiveness</a> and <a href="#">revisions to loan forgiveness interim rule</a> (June 23 update).</p> <p><i>Note:</i> Businesses cannot receive PPP assistance and EIDL for the same purpose, but a borrower who has an EIDL unrelated to coronavirus (e.g., from hurricane recovery or wildfires, for example) has the option to refinance that loan into the PPP loan. An emergency EIDL grant of \$10,000 would be subtracted from the forgiven amount under the PPP. A business with a PPP cannot also claim the retention tax credit. Through the newly enacted PPP Flexibility Act, a borrower can take advantage of the payroll tax deferral, however.</p> <p><i>Note:</i> Please see <a href="#">IRS Notice 2020-32</a> for details on taking tax deductions while receiving a PPP.</p>
<p><b>Main Street Lending Program</b></p>	<p>As of June 8, 2020, up to \$35,000,000 for new loans, up to \$50,000,000</p>	<p>LIBOR + 3% interest rate. As of 6/23, loans issued under the program</p>		<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>You can find a lender accepting new business <a href="#">here</a>.</p> <p><i>Note:</i> Can be combined with PPP, but unlike PPP,</p>

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	for priority loans, and up to \$300,000,000 for expanded loans.	have a 5 maturity, deferral of principal payments for 2 years, and deferral of interest payments for 1 year.		For additional information, please see: <ul style="list-style-type: none"> <li>- <a href="#">Expansion announcement (6/8)</a></li> <li>- The <a href="#">Main Street Lending Program webpage</a>, which includes term sheets and FAQ documents</li> </ul>	these loans are <u>not</u> forgivable
<b>Economic Injury Disaster Loan (EIDL)*</b>	\$2,000,000	3.75% interest, long-term repayment available over up to 30 years with no pre-payment penalties or fees	Fixed debts; payrolls; accounts payable and other bills that can't be paid because of disaster's impact	Access to EIDL has historically been limited to businesses without access to credit elsewhere and required personal guarantees, but these may be waived.  For more information, check out this <a href="#">FAQ document on COVID-19 EIDL Loans</a> (dated September 24).	You can apply at <a href="https://covid19relief.sba.gov/#/">https://covid19relief.sba.gov/#/</a> both EIDL and emergency EIDL grants.  <i>Note:</i> This program <u>can</u> be combined with the employee retention tax credit.
<b>Express Bridge Loan (EBL) Pilot Program*</b>	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	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	You can learn if your lender is an EBL Lender by connecting with your <a href="#">local SBA District Office</a> . 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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		March 13, 2021.		and must occur no later than 90 days from that date, or else EBL is cancelled.	
<b>Economic Stabilization Fund</b>	*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.
<b>Grants and Debt Relief</b>					
<b>Emergency EIDL Grant*</b>	\$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 <a href="https://covid19relief.sba.gov/#/">https://covid19relief.sba.gov/#/</a> both EIDL and emergency EIDL grants.
<b>Small Business Debt Relief*</b>	Principal, interest, and fees on all existing SBA loan products for 6 months			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.	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.

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				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 the principal and interest of <u>current</u> 7(a) loans for a period of six months.	Interest will continue to accrue during this time.  <i>Note:</i> PPP and EIDL loans are ineligible.
<b>Delays and Deferments in Tax Payments</b>					
<b>Tax Filing</b>	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.	
<b>Employer Payroll Taxes</b>	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 June 5 allows employers to take advantage of the employer payroll tax deferral even if the PPP is forgiven.
<b>Tax Credits</b>					
<b>Qualified Improvement Property</b>		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.
<b>Employee Retention Tax Credit (ERTC)</b>	Credit for each calendar quarter equal to 50% of the qualified wages with respect to each	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;	Eligible employers either: <ul style="list-style-type: none"> <li>- 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, OR</li> </ul>	Eligible employers can request advance payment through <a href="#">IRS Form 7200</a> .  <i>Note:</i> This program cannot be combined with the PPP but <u>can</u> be combined with the EIDL. Employers can

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	<p>employee for such calendar quarter up to the first \$10,000 of compensation per employee (maximum \$5,000 credit per employee total)</p>		<p>or significant decline in gross receipts</p>	<ul style="list-style-type: none"> <li>- Must have experienced a 50% loss compared to the same 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.</li> </ul> <p>The IRS has posted detailed responses to <a href="#">Frequently Asked Questions</a> 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>	<p>elect to not take this tax credit.</p>
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