

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. Please note: The denotation (*UPDATE*) refers to changes made by the year-end COVID-19 relief package (P.L. 116-260) enacted into law on December 27, 2020.

PROGRAM NAME	MAXIMUM RELIEF	TERMS	USES	UNIQUE FEATURES	HOW TO APPLY
No- and low-interest loans					
Paycheck Protection Program (PPP)*	<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>(UPDATE)</i> Restaurants, bars, and other entities under the NAICS code 72 are able to access a second draw from the PPP at 350% monthly</p>	<p><i>(UPDATE)</i> The covered period for all PPP loans is now through March 31, 2021. The 2020 year-end package allows the borrower to elect a covered period ending at the point of the borrower's choosing between 8-24 weeks after origination. For a seasonal business, the max loan amount is equal to 250% of your average monthly payroll costs on a selected 12-week period between February 15, 2019, and February, 15, 2020.</p> <p>Any remaining balance after</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><u>At least 60%</u> of a loan be used for payroll costs to be eligible for forgiveness.</p> <p>For more information about the PPP, please consider consulting:</p> <ul style="list-style-type: none"> - PPP Affiliate Interim Final Rule (effective April 15) 	<p>The PPP loan application is available here, and the PPP second-draw loan application is available here.</p> <p><i>(UPDATE)</i> The 2020 year-end package called for a streamlined application for forgiveness for loans under \$150,000. More details to come.</p> <p>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.</p>

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date of last update: January 14, 2021

	<p>payroll (vs. 250% for other sectors)</p> <p><i>(UPDATE)</i> Second draw loans for all sectors are capped at \$2,000,000. SBA/Treasury has capped the second total second draw loan for a single corporate group at \$4,000,000.</p>	<p>forgiveness of eligible principal will 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><i>(UPDATE)</i> For a second draw loan, eligible entities must: (1) employ 300 or fewer employees, (2) have used or will use all of their first PPP on authorized uses; and (3) demonstrate at least a 25% reduction in gross receipts in the 1st, 2nd, or 3rd quarter of 2020 relative to the same quarter in 2019 with applications submitted on or after January 1, 2021, eligible to utilize the gross receipts from the 4th quarter. Businesses need to have been in</p>	<p>local tax assessed on employee compensation.</p> <p><i>(UPDATE)</i> The 2020 year-end package added additional allowable and forgivable expenses: covered operations costs, property damage costs due to public disturbances, supplier costs (including perishable goods in some circumstances), and worker protection expenditures related to COVID-19. Loans made before, on, or after the enactment of the 2020 year-end package are eligible to utilize the expanded forgivable expenses – except for borrowers who have already had their loans forgiven.</p> <p><i>(UPDATE)</i> The year-end package excludes publicly traded companies from PPP eligibility.</p>	<ul style="list-style-type: none"> - Interim Final Rule on Seasonal Employers (effective April 28) - Interim Final Rule on Treatment of Entities with Foreign Affiliates - Interim Final Rule on SBA Loan Review and Borrower and Lender Responsibilities <p><i>(UPDATE)</i> The 2020 year-end package clarifies that gross income does not include any amount that would otherwise arise from the forgiveness of a PPP.</p>	<p><i>(UPDATE)</i> An emergency EIDL grant of \$10,000 is no longer subtracted from the forgiven amount under the PPP for certain borrowers. (See this SBA Procedural Notice for more information.)</p> <p>PPP recipients can now also take advantage of the Employee Retention Tax Credit (ERTC) on wages not paid with PPP funds.</p>
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		operation on February 15, 2020.			
Economic Injury Disaster Loan (EIDL)*	\$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 FAQ document on COVID-19 EIDL Loans (dated September 24).	You can apply at https://covid19relief.sba.gov/#/ both EIDL and emergency EIDL grants. <i>Note:</i> This program <u>can</u> be combined with the employee retention tax credit.
Grants and Debt Relief					
Emergency EIDL Grant*	\$1,000 per employee up to \$10,000 <i>(UPDATE)</i> Eligible entities that have already received an EIDL Advance under the CARES Act are eligible to receive additional funds equal to the difference of what the entity received under the CARES Act and \$10,000	<i>(UPDATE)</i> The covered period is now through December 31, 2021. <i>(UPDATE)</i> The year-end package provides relief for entities that: <ul style="list-style-type: none"> • Are eligible for an EIDL and apply during the covered period from January 31, 2020, through December 31, 2021; • Are located in a low-income community (as defined by Section 45D(e) of the Internal Revenue Code); • Suffered an economic loss of 	Payroll; paid sick leave; service to debt obligations	<i>(UPDATE)</i> Emergency EIDL grants are expedited access to capital available within 21 days.	You can apply at https://covid19relief.sba.gov/#/ both EIDL and emergency EIDL grants. <i>(UPDATE)</i> The year-end package stipulates that gross income does not include emergency EIDL grants. <i>(UPDATE)</i> The year-end package also repealed a section of the CARES Act that required PPP borrowers to deduct the amount of their EIDL advance from their PPP forgiveness amount.

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	(e.g., if you received an EIDL Advance of \$1,000, you may be eligible for an additional \$9,000 grant).	greater than 30%; and <ul style="list-style-type: none"> • Employ not more than 300 employees. 			
Small Business Debt Relief*	(UPDATE) Up to \$9,000 per month per borrower	(UPDATE) All borrowers with qualifying loans approved by the SBA prior to the CARES Act will receive an additional 3 months of P&I starting in February 2021. (UPDATE) After the 3 month period, some businesses will be eligible for an additional 5 months of P&I payments. These businesses include: <ul style="list-style-type: none"> • Borrowers with SBA microloans or 7(a) Community Advantage loans • Borrowers with any 7(a) or 504 loan in the following NAICS code categories: 61, 71, 72, 213, 315, 448, 451, 481, 485, 487, 511, 512, 515, 532, and 812. 	(UPDATE) The year-end package provides payment of principal and interest (P&I) on small business loans guaranteed by the SBA under the 7(a), 504 and microloan programs in regular servicing and new loans disbursed prior to September 27, 2020.	(UPDATE) SBA payments of P&I on the first 6 months of newly approved loans will resume for all loans approved between February 1 and September 30, 2021.	Borrowers do not need to apply for this assistance. (UPDATE) Any business or applicant may only receive P&I payments for only one loan approved after CARES Act enactment.

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Delays and Deferrals in Tax Payments					
Employer Payroll Taxes	Deferred payment of the employer share of the Social Security Tax	<i>(UPDATE)</i> The year-end package extends the repayment period through December 31, 2021. Penalties and interest on deferred unpaid tax liability will not begin to accrue until January 1, 2022.			The PPP Flexibility Act (enacted into law June 2020) amended section 2302 of the CARES Act to allow an employer that receives a PPP loan to defer the payment and deposit of the employer's share of the payroll tax, even if the loan is forgiven. Additional IRS guidance can be found here .
Tax Credits					
Employee Retention Tax Credit (ERTC)	<i>(UPDATE)</i> Beginning in January 2021, credit for each calendar quarter equal to 70% of the qualified wages with an increased limit on the per-employee creditable wages from \$10,000 for the year to \$10,000 for <u>each quarter</u> . Thus, an employer may claim up to \$14,000 total per eligible employee for	<i>(UPDATE)</i> The year-end package expands the ERTC for the period January 1-June 30, 2021. <i>(UPDATE)</i> The year-end package retroactively provides employers who receive PPP loans to qualify for ERTC with respect to wages that are not paid for with forgiven PPP proceeds.	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	<i>(UPDATE)</i> The year-end package also reduces the gross receipts decline requirement for eligibility from a 50% decline to 20% decline. <u>Eligibility ends if gross receipts in a 2020 quarter exceed 80% compared to the same quarter in 2019</u> . The year-end package also increases the 100-employee delineation for determining the relevant qualified wage base to employers with 500 or fewer employees.	Eligible employers can request advance payment through IRS Form 7200 . <i>(UPDATE)</i> The year-end package also included language to increase the operability between the ERTC and PPP. Businesses taking a PPP loan can now also take the ERTC on wages not paid with PPP funds. PPP funds and ERTC cannot be used to cover the same payroll costs.

	the first two quarters of 2021.				
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date of last update: January 14, 2021