

# RESOURCES FOR INDEPENDENT BUSINESSES

Monday, April 6 Webinar Questions And Answers

## EIDL (DISASTER) and PPP LOANS:

For the PPP, if I also have a 1099 employee, do I add to or include that cost to my total payroll costs? **(ANSWER CHANGED FROM WEBINAR INFO) No, independent contractors have the ability to apply for a PPP loan on their own so they do not count for purposes of a borrower's PPP loan calculation.**

I may have entered the cogs incorrectly (not sure I really have any) and I used the total of my expenses for that field. If entered incorrectly do I need to resubmit or will it be verified after the fact? **No need to resubmit, better to wait for SBA to be in touch and you can correct at that point.**

Can owners use EIDL funds, including the 10k advance, to pay their own salaries, especially if they pay themselves outside a payroll system? Will that amount be forgiven as payroll? **Yes, they can. If they are also applying for a PPP (in addition to EIDL), it can also be forgiven that way. If you do both, you just need to be sure you're not 'double dipping' – so use it for different pay periods, or for example, use the PPP for payroll and the disaster loan for other expenses.**

We are on the SBA site and we cannot move past the first loan page — are you getting other reports that the site is having problems? **There have been site difficulties, but overall at this point it's been running smoothly. You may want to try back at a different time.**

Can owner(s) of small business who are not paid via payroll but pay themselves via a draw be included in the Paycheck Protection Program? **Yes.**

my biz is a sole proprietor LLC, I have 10 people who work for my company but all our independent contractors, can we still qualify for one of these loans. **Yes, you would qualify for the EIDL, the PPP and unemployment as well. (FYI the sole proprietor phase of the PPP opens on April 10.)**

When was the EIDL form change? Need to reapply? **The new form was released on Monday morning, March 30<sup>th</sup>. If you applied before then, you should have been contacted by the SBA to reapply. If you applied after, you are fine. The email for contacting the SBA is [CoronaVirusInfo@sba.gov](mailto:CoronaVirusInfo@sba.gov).**

I applied for the EIDL 3/20 (prior to Trump's adjustments). Now I can see I will need additional funds. Will I need to apply again? **Since you applied before the current iteration of the form (which came out 3/30) it would be best to apply again in this particular case. The SBA will be in touch to offer you an amount for the loan, and at that point you can negotiate for a larger (or smaller) amount.**

Has anyone seen or heard of anyone getting the advance grant? **We haven't had confirmation of anyone receiving the advance grant yet. (4/6) We are confident they are working as fast as they can so hopefully soon.**

I have applied EIDL 3 times, most recent 3/31 as form changed. What is lead time? **The original goal was 3-4 business days after application, but that hasn't worked out. We are confident they are working as fast as they can so hopefully soon.**

I never received ANY emails. **Not sure if it will help, but you could try contacting them: 800-659-2955 or e-mail disastercustomerservice@sba.gov**

How is the 10,000 from the Emergency Economic Injury Grant taxed? **We believe at this point that it is not taxable.**

## **SMALL BUSINESS CONTINUITY LOAN:**

"10 or fewer employees" for the city's small business continuity loan program— Is that full time employees or does that include part time employees? **10 or fewer full time employees. It doesn't matter how many part time employees you have.**

If Lou Metro covers 15 counties, can you (Rebecca) confirm that eligibility is ONLY reserved for Louisville residents? **This is only for businesses located in Jefferson County.**

Question for Eric! If some or all of the PPP funds are forgiven, will the business have a tax liability for the forgiven amount? **The forgiven portion of the PPP loan will not be taxable.**

what is the link for the local loan? **Small Business Continuity Loan - can be accessed at [lhomeky.org](http://lhomeky.org).**

For the LHOME Continuity loan... With that, is the full time employee only the ones on payroll or also owners who maybe pay themselves directly from business profits. **Businesses with 10 or fewer full time employees qualify. The number of part time employees does not come into the equation. (So, for example, you have 10 full time employees and 15 part time employees – you still qualify because you have 10 or fewer full time employees.) For owners who pay themselves from profits rather than through a salary, each owner counts as one full time employee.**

I have 2 full time and 30+ part-timers. Do I qualify for the Continuity loan from the city? **Yes. See above.**

Can you obtain both the Continuity Loan and EIDL Loan? PPP Loan? **Yes, you can – you just can't use them for the exact same expenses.**

The Continuity application asks how many weeks of payroll you are applying for. Should I apply for ALL the remaining months of 2020? Just assume I need for the rest of the year? **you would apply for whatever you need. There really is no cap on what you ask for, but your application is judged for need, up to \$25,000, so I might estimate the next quarter or 4 months?**

I have APPLIED for the paycheck Protection Program AND the EIDL but don't know if I will receive funds from either, do I include those amounts on my "sources and uses statement"? I don't want to assume I will receive that money. **i don' think those will be sources and uses... we know this loan will kick in faster than any of those funds, which you can't know yet. So that shouldn't be accounted for.**

## UNEMPLOYMENT:

I was denied unemployment and received my letter of denial. **We're being told to be patient, that even with a letter of denial your application is still being considered. The system is old and they're working to implement the changes.**

I am an LLC Massage Therapist and I have applied twice for UI. I was told the appeals process was to be directed to liz.carrier@ky.gov and so I appealed to her almost two weeks ago. No reply. Also I refiled the claim again yesterday per my time (allowable) but there is no reply to my claim on 3/38. When I did call last monday UI office said to me there was NOT ANY directive to pay us from Washington DC. **See answer above. And, what they may have meant is that they have not received further guidance YET from the federal government as to how to pay the additional \$600, but that is expected soon.**

what happens if your a business owner not taking a salary, how does this work with applying for unemployment? **You are now eligible to get unemployment.**

## COMBINATION:

I own a beauty shop. I am an independent contractor but also own the business. My hairdressers pay booth rent. I just claim their rent as income. They are not 1099. Would I qualify for the sba loan unemployment and the loan with the city. **Yes, we think you would qualify for all – please apply.**

How does it affect a business who has applied for PPP loan if an employee files for unemployment? specifically for a part-time employee who lost their other job which was their main source of income. **The PPP is designed to enable you to rehire them relatively quickly as the economy recovers. You would use the funds to pay them when you re-open fully.**

## PAYROLL:

Eric Monks spoke about the Employee Retention Credit and the Delay of Payment of Employer Payroll Taxes and Self-Employment Tax. I will include a little more detail in the post I make on LinkedIn and you're welcome to inquire if you have questions. **Eric/DMLLO's posted on LinkedIn after the webinar:**

<https://www.irs.gov/newsroom/faqs-employee-retention-credit-under-the-cares-act> **Chuck Dobbins** Chuck Dobbins had asked for an explanation of the credit and also delay of payment

mentioned in the CARES Act. Here is an IRS link that explains the Employee Retention Credit. The Delay of Payment will allow an employer to delay the employer's portion of Social Security tax for the period 3/27 through 12/31. The deferral of payment should be paid by the employer with 1/2 due by the end of 12/31/2021 and the other half due by the end of 12/31/2022. Businesses receiving loan forgiveness would not be eligible for these 2 items.

## **RETIREMENT ACCOUNTS:**

**Eric/DMLO's posted on LinkedIn after the webinar:**

<https://www.forbes.com/sites/teresaghilarducci/2020/03/17/the-coronavirus-pandemic-and-your-retirement-accounts-what-you-should-and-should-not-do/#4db5d5182478> The initial reaction during the economy falling is to stop the bleeding. I am guilty of it too except my financial advisor talked some sense into me. Please consider discussing your retirement or brokerage savings with someone before you decide to sell. I'm glad I chose to step away and haven't gone back to look since that time. I'm taking the advice of many to just let it be and allow it to grow back when things turn around.

<https://www.forbes.com/sites/ashleaebeling/2020/03/27/congress-suspends-required-minimum-distributions-for-401ks-and-iras-for-2020-opening-window-to-tax-savings/#6d2c435b2cb6> I didn't discuss, but the CARES Act suspended the requirement for those 72 years of age to make a required minimum distribution from their IRA's during 2020.

## **SCAMS**

**Eric/DMLO's posted on LinkedIn after the webinar:**

<https://www.consumer.ftc.gov/features/coronavirus-scams-what-ftc-doing> I've mentioned several times because I believe it to be very important to watch out for scams and fraud. Here is a good link to get more information.

<https://www.irs.gov/newsroom/economic-impact-payments-what-you-need-to-know> I discussed the Recovery Rebate Credit. This IRS page gives a little more detail. Very important to watch out for fraud here. IRS will be allowing those that have not had Direct Deposit on prior returns to access a secure portal to provide their bank info. Please watch out for emails that appear to be providing access to signup for the portal with links.

## **STUDENT LOANS**

**Eric/DMLO's posted on LinkedIn after the webinar:**

<https://www.forbes.com/sites/advisor/2020/04/03/what-the-cares-act-means-for-student-loan-borrowers-seeking-public-service-loan-forgiveness/#4d36a824e88a> I didn't discuss, but the CARES Act provided relief to those with student loans. This Forbes article give a good explanation.

## **FOR THOSE WITH CURRENT INSTALLMENT AGREEMENTS WITH THE IRS:**

Eric/DML0's posted on LinkedIn after the webinar:

<https://www.irs.gov/newsroom/installment-agreement-direct-debit-frequently-asked-questions> I mentioned that installment agreements could be suspended during the discussion. This IRS page gives more detail.

## **FAMILIES FIRST CORONAVIRUS RESPONSE ACT (FFCRA)**

Where should we be going to look at basic info for First Family Act or Cares Act? Just google and decide if right fit before going to advisor or what's best advice there?

<https://www.dol.gov/agencies/whd/pandemic> This is a good link that contains various information around the details of the FFCRA

(from Katy Schoen) **On the Families First Coronavirus Response Act (FFCRA), the Department of Labor has a lot of good resources, including an informative Q and A section. If you want to email me at kschoen@tilfordlaw.com, I would be happy to send you some links.**

## **CRISIS SUPPORT HUB**

Can give that link again for the info hub where we can ask questions. [crisissupporthub.org](https://www.crisissupporthub.org)