

Webinar 4/27 Questions:

We have put together a [comprehensive guide](#) to help guide you through the process and the programs available, our webinar will also explain many of those questions.

Herb

1.

-Are there any new or changed requirements for newly approved \$484 billion for PPP?

As of 10:30 am this morning the PPP program is back up and running. In regards to requirements, there is nothing new at this point.

-Is there news about EIDL up to \$10,000 grant

Part of the aid package approved last week was an additional \$60 Billion for the EIDL program. The SBA website for the EIDL program should be opening soon.

Robert

2.

-It appears that the SBA is not accepting applications for Economic Injury Disaster Loan. Are there any other financial programs or loans or grants offered for a sole-proprietorship?

First of all, I think that may have just been a timing issue and you maybe hit the site while it was down for lack of funds. Absolutely try the EIDL and PPP sites again. They should both be taking apps now. In answer to your other question there are a number of grants that are being put out by civic groups municipalities and commercial entities such as paypal, and salesforce that are worth applying to. Anything we hear about as a group we do pass along so keep looking for those emails from your SBDC counselor.

Grier

3.

- Can employees receive a raise during this time?

While you are using PPP funds salary levels are not frozen, but you cannot use an increase in salary costs to compensate for a decrease in overall staff and spend the same amount of money.

-Is there any relief for loss of rental income for seasonal rentals?

Depending on how you have your rental income set up/documented you should be able to apply for the EIDL.

Brandon

4.

-How will accepting the grant and loan affect your business during tax season? In other words, will that be seen as taxable income?

The Paycheck Protection Program will forgive up to eight weeks' worth of payroll obligations (including wages and benefits), plus rent or mortgage payments and utilities, and the amount forgiven would not be treated as taxable income to the small business owner. At least 75% of the forgiven amount must be used for payroll. Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease. Additional guidance can be found [here](#).

Small businesses and nonprofits that are eligible for an Economic Injury Disaster Loan (EIDL) and have been in operation since January 31, 2020, can receive up to a \$10,000 grant from SBA after applying for an EIDL loan. These grants will act as an emergency advance for small businesses and private non-profits harmed by COVID-19. To access the advance, you must first apply for an EIDL and then request the advance. The advance does not need to be repaid under any circumstance—even if the grantee is subsequently denied an EIDL. Grants may be used to provide paid sick leave to employees, maintain payroll, meet increased production costs due to supply chain disruptions or pay business obligations, including debts, rent and mortgage payments.

-Is the government (local and federal looking to create a tax credit for businesses who have been affected by COVID-19?

Maryland Coronavirus (COVID-19) Information for Business

<https://govstatus.egov.com/md-coronavirus-business>

-Credit for Sick and Family Leave

An employee who is unable to work (including telework) because of coronavirus quarantine or self-quarantine or has coronavirus symptoms and is seeking a medical diagnosis, is entitled to paid sick leave for up to ten days (up to 80 hours) at the employee's regular rate of pay, or, if higher, the Federal minimum wage or any applicable State or local minimum wage, up to \$511 per day, but no more than \$5,110 in total.

-Caring for someone with Coronavirus

An employee who is unable to work due to caring for someone with coronavirus, or caring for a child because the child's school or place of care is closed, or the paid child care provider is unavailable due to the coronavirus, is entitled to paid sick leave for up to two weeks (up to 80 hours) at two-thirds the employee's regular rate of pay or, if higher, the Federal minimum wage or any applicable State or local minimum wage, up to \$200 per day, but no more than \$2,000 in total.

-Care for children due to daycare or school closure

An employee who is unable to work because of a need to care for a child whose school or place of care is closed or whose child care provider is unavailable due to the coronavirus, is

also entitled to paid family and medical leave equal to two-thirds of the employee's regular pay, up to \$200 per day and \$10,000 in total. Up to ten weeks of qualifying leave can be counted towards the family leave credit.

-Credit for eligible employers

Eligible employers are entitled to receive a credit in the full amount of the required sick leave and family leave, plus related health plan expenses and the employer's share of Medicare tax on the leave, for the period of April 1, 2020, through December 31, 2020. The refundable credit is applied against certain employment taxes on wages paid to all employees.

-Employee Retention Credit

Eligible employers can claim the employee retention credit, a refundable tax credit equal to 50 percent of up to \$10,000 in qualified wages (including health plan expenses), paid after March 12, 2020 and before January 1, 2021. Eligible employers are those businesses with operations that have been partially or fully suspended due to governmental orders due to COVID-19, or businesses that have a significant decline in gross receipts compared to 2019.

The refundable credit is capped at \$5,000 per employee and applies against certain employment taxes on wages paid to all employees. Eligible employers can reduce federal employment tax deposits in anticipation of the credit. They can also request an advance of the employee retention credit for any amounts not covered by the reduction in deposits. The advanced payments will be issued by paper check to employers.

-Where can I find the status of my application for the EIDL program? I understand that we should be receiving an email to create an account in a secure portal; however, not knowing when or if that email will come through is stressful to many.

You will receive an email from the SBA on how to proceed. Most of my clients have not received any information from the SBA yet, but have received their EIDL Advance grant money. The SBA will contact you for additional information to process your full application.

John

5.

-Can we get both the \$10,000 SBA grant and the Paychecks Protection loan, or is it one or the other?

You can receive both, proceeds from any advance up to US\$10,000 on the EIDL loan will be deducted from the loan forgiveness amount on the PPP loan. The funds cannot be used for the same expenses. It appears that some of the worker compensation will be from the CARES Funding under your contract noted below, so that would not be eligible for PPP forgiveness. Remember you can only pay an expense one, you can only be reimbursed for it once.

-We have a contract with an 8a for Gov't. work that was shut down and we have received a CARES Act Invoice and Contractor listing forms to complete. If Davis Bacon wages are paid, are we to pay at the rate for what the employee would have been doing? For example, sometimes the employee does labor work and sometimes Carpenter work (which is a much higher rate). If the employee was scheduled to do Carpenter work at the higher rate, is that what we should be filling in as the hourly rate. Also, on that same form, there is a column for "Time duration worked" and "Time duration under CARES". Can you explain the difference? I've attached the forms to help.

I would recommend that you review the rates with your contracting officer, and the anticipated statement of work. The Time worked refers to actual working time, and Time under CARES refers to the hours the employee is not working, but compensated.

-When will we get our funding from either the grant or the paychecks protection program? Online only shows that it's in review.

Please contact your bank for a status on the PPP, banks have been actively closing loans that were approved. The Maryland loan and grant program will update your status when it changes as long as you are registered in the OneStop. https://onestop.md.gov/users/sign_up

There is no set time on the EIDL. The SBA has been processing the applications, but we have no set time line. From SBA: For questions on the EIDL Loan program or for assistance please call our Disaster Customer Service Center at 1-800-659-2955 or, for the deaf and hard-of-hearing 1-800-877-8339 (Monday through Friday from 8:00 am to 8:00 pm, Saturday and Sunday from 8:00 am to 8:00 pm Eastern Time) or email disastercustomerservice@sba.gov. The District Office has no visibility on the status of EIDL Loans.

6.

Herb

-What support do you provide apartment complex owners? We are collecting 55% of rents which is way below the 90+% that we are used to collect. Debt service/taxes/insurance are still expected on time.

If you have your business set up as an LLC and have payroll costs, you can apply for the PPP program. Because the funds in this round will go quickly you need to apply for that today. The other option is the SBA EIDL program with the advance (\$1000 per employee up to \$10,000). This loan is good for operating costs

-If tenants leave unexpectedly, leaving damage, are there construction loans available? Normally we do not have 3-4 units go empty at once like this.

Construction loans are available. You need to contact your local bank for details. This issue with this will be how fast do you want the loan. With most of bank resources going to the PPP program, processing your loan may take longer than usual. Again, talk to your local bank.

-Is there any support for shopping center owners? Same type of situation as noted in 1 and 2.
Same answer as apartment owners

Robert

7.

-We have received funds from the PPP. I understand it covers an 8-week period after either approval or receipt of funds (not clear on which). I'm clear on what it covers. My question is this.....At what point after the 8 weeks can we crunch the numbers to know exactly what amounts will be forgiven or need to be paid back?

OK, the 8 week period starts from disbursement- so when you actually have the funds in your account. You can get a rough estimate of the forgiveness amount and here's how to do that Remember is that the PPP loan amount is based on 2.5X your monthly payroll or 10 weeks of payroll and also that the forgiveness period is calculated over the first 8 weeks, so right off the bat, if everything stays the same from your application (if you have the same number of people as you put on your application AND you are paying them the same as you stated in your application), then a baseline of about 8/10ths or 80% of the loan amount should be forgivable.

Any changes to the baseline will prorate your forgiveness. For example: If you employed 3 people versus the 4 that you stated on your application, your forgiveness amount will be 3/4 of the 80% baseline (=60%). Similarly, if you kept all 4 people but only paid them 80% of what you planned to (maybe because of reduced hours or furloughs) then your forgiveness amount would be 0.8 x 80% (=64%) . Going the other way, though, if you spend more than you planned (and stated on your app) for payroll, that could also be forgiven. For example, if you hired a fifth person versus the 4 you had planned then your forgiveness would be 5/4 x 80% which is 100%.

Note though that only the first 8 weeks is considered so if you hire someone 4 weeks into the period you would not get full value of the forgiveness.

-Does the company need to initiate the process with the bank or will they reach out to us?

After the 8 weeks you will be contacted by your lender to make a calculation like the one we just went through and certify where you ended up compared again to the baseline on your application. This will determine the final degree of forgiveness.

Grier

8.

-Does my salary as the business owner count towards the required guidelines for the PPP?

Yes, owners are considered employees, and you are eligible for PPP funding.

-Do we need to put all employees back on payroll that were on before COVID-19 started, so they fall within the 8-week period?

You do not need the same employees that you had prior to the pandemic, but it is important that you do what you can to get back up to the same level of employment or it will affect the forgivability of the program.

-Should My business be categorized as women owned or small disadvantaged?

You can be both simultaneously. Typically, these certifications are issued by third parties (WOSBs are issued by the WBENC.org amongst others) There are certain government agencies that allow WOSB self-certification through SAM.gov. Registering as Small Disadvantaged is through the Maryland Dept of Transportation.

Office of Minority Business <http://www.mdot.maryland.gov/newMDOT/MBE/Index.html>

***If you need assistance with registering with any state or Federal Procurement system, please contact your SBDC Consultant**

-What can I do to keep my business open?

This depends entirely on your business industry. If you are currently closed by executive order, then you can not open your business to the public. However, e-Commerce, Curbside pick-up, and delivery are a few ways businesses have managed to remain open. I have had several clients "Pivot"- that is changing the products or direction of their company to fit the new environment/economy. A few examples include skilled trades that turn to consulting for immediate income, moving sales entirely online, working with local resources to leverage capability with others in your industry, changing product lines or menus. A good example in the restaurant industry includes businesses that now create take-home meal kits.

-What type of funds, grants or business loans can I get information on?

Professional organizations, Alumni Groups, and other businesses have been creating grant programs rapidly. For instance, I have a client that received a \$5k grant from a company called Shea Moisture which happens to be a product supplier for the company.

The best place to check is with the Maryland Business Relief Wizard:

MARYLAND Business Relief Wizard <https://reliefwizard.net/>

This currently gives you both the status of grant and loan funds and has been reliably up-to-date. Here is a list as of 10 am this morning of program status. Programs in Red are currently not accepting applications.

- *Maryland Emergency Support Programs*
 - Small Business Emergency Relief Loan [Learn More](#)
 - Small Business Emergency Relief Grant [Learn More](#)
 - Manufacturing Emergency Relief Fund [Learn More](#)
 - MARBIDCO Pandemic Adjustment Loan Fund Program
 - MSAC Emergency Grant
 - Layoff Aversion Fund [Learn More](#)

- Department of Labor Work Sharing
- *Federal CARES Act Programs*
 - Paycheck Protection Program
 - Economic Injury Disaster Loan [Learn More](#)
 - Unemployment Insurance
 - Employee Retention Tax Credit
- *Other sources of emergency support*
 - Families First Coronavirus Response Act
 - SBA Microloans
 - Export-Import Bank of the United States Programs
 - The Main Street Loan Facility
 - USDA Farm Service Agency Microloan Program
 - Farm Loan Discovery Tool
 - USDA Coronavirus Food Assistance Program

10.

Grier
/John

-How can we apply for the next round of EIDL funds if we missed the first application window (after 4/06/2020)?

The EIDL Application should be open again Monday, 4/26. Please visit <https://www.sba.gov/disaster-assistance/coronavirus-covid-19#section-header-5>

-For single member LLCs with one employee, will the next round of EIDL funds also be for the bulk \$10,000?

The Economic Injury Disaster Loan advance of up to \$10,000 is calculated at \$1,000 per employee, so a firm with 1 employee would receive \$1,000

-Does SBDC provide counseling or assistance with preparing quarterly financial statements (Jan-Mar 2020) in order to complete these local grant applications (Montgomery County PHEG)

The SBDC can assist with developing documentation of your business operation, but all official documentation should be vetted through your Accountant / CPA. The grant program closed Saturday, they are no longer accepting applications.

Herb

11.

-Are "very small" (Independent) businesses like mine (sole owner/operator) eligible for ANY type of grants or business growth funding due to the COVID-19 health situation?

Yes, as a sole proprietor you can apply for both the PPP program and EIDL program. For the PPP if you don't have documentation of payroll costs and did owner draws instead, you can use your Schedule C from your tax returns.

-Are there any COVID-19 set-aside funding/grants/initiatives for certified Service Disabled Veteran Owned Small Businesses (SDVOSB) like mine? **No**

-Does the Maryland SBDC offer services/assistance in applying for COVID-19 funding if a Maryland small business is eligible?

Absolutely. We are here to help you in any way we can. On top of our webinars, and website we provide confidential FREE business counseling. At the end of the webinar you will receive our contact information for each of us here. Just pick the person in your county.

Not only will we help you with the funding, but also provide support if you need help putting a plan together to move forward.

Robert

12.

-I am a very small business (a "C" corporation). It seems most of the help is currently for business that have employees or ones that have had to close due to regulations. What help is there for small businesses that are still affected but not closed?

Well, both the EIDL and PPP are available to small businesses both with and without employees, but they do have different intents. The EIDL is a good general purpose working capital loan fund for rent, materials, utilities etc. While the PPP focuses on payroll and keeping folks of unemployment insurance. Now I know in Terri's case most of her people are 1099 contractors so they would apply for PPP by themselves- she would not do that, but the PPP is also available to her personally as the business owner.

-My industry is housing, I am a building supplier. This industry has already started showing signs of damage from COVID fallout; however, it is going to get hit extremely hard down the road. Is there anything being put in-place to secure grants, etc. for our industry or will all the funds be dried up?

Let me address the general case that Terri's question brings up a good point which is basically that there are a lot of businesses like Terri's that are long sales cycle or that are really seasonable and while they may have been damaged to some extent so far they understand that there is some more hurt down the road.

Hopefully, there will be another round of assistance down the road which will somehow allow businesses to recover some of the longer term losses that their business experiences due to the pandemic- we don't know about that yet-we are still all just in survival mode.

Continued 

-Since the housing industry is responsible for the economic growth of so many, are there measures being put in place to help spur on our industry's growth (i.e., tax breaks for home buyers, fee/tax breaks for builders)?

Again, I don't know of anything specifically at this stage for any particular industry because every industry: Housing, automotive, transportation, hospitality has been severely impacted. The focus right now is on survival for these industries but once we get passed my own personal opinion is that we will see some general broad based economic incentives maybe another round of stimulus checks maybe some tax breaks to help restart things across the board- just my opinion at this point.

Grier

13.

-Will the government issue new funds for EIDL since they ran out of money?

As of last week the PPP and EIDL were refunded however, the treasury expects that those funds allocated will not cover the entire backlog of loans, if you have not gotten your application in yet I would suggest that you do so quickly

-Is the government looking to create other types of grants and loans to support small businesses since they ran out of funds on the PPP and the EIDL?

The federal government has already injected 9 trillion dollars into the economy, so I would at least expect a longer pause before any other stimulus action is taken. State and local governments will most likely continue to work on programs to help relief small businesses.

Brandon

14.

-When filing taxes for my business together with my family, I couldn't tell how much tax I paid for the business. How do I file tax separate from my family income next year?

This question relies heavily on the legal structure of your business. If operating as an LLC, you will need to file a Schedule C Return or a K1 if you have partners. These forms "roll-up" into your standard IRS 1040 form. At this point, you can either file those taxes jointly with your spouse or select "married filing separately" and keep them separate. Please seek assistance from a tax professional to make sure everything is set up correctly, in the meantime, you can also speak with your SBDC Consultant who can provide more personalized assistance and walk you through your options.

-I heard the government aid programs are long-term loans. What if I don't pay rent or employees, but I've simply lost clients and income?

The PPP and EIDL do convert to loans for any portion that is not forgiven. In this case, the amount would convert to a loan.

1. **Paycheck Protection Program (PPP) interest rates:** This loan has an interest rate of 1% and a maturity of two years.
2. **Economic Injury Disaster Loans (EIDL) interest rates:** EIDLs carry interest rates up to 3.75% for companies and up to 2.75% for nonprofits, as well as principal and interest deferment for up to 4 years.

-What should I do with my business if I may relocate to another state?

Again, this is industry dependent. In most situations, you will need to register in the new state as a "foreign business entity" and will then need to comply with applicable state laws in regards to paying taxes and operating. A good example of this situation would be that you own an LLC in Maryland and move to Arizona. The business is entirely online, so you would need to register with the state of Arizona to capture potential sales tax to Arizona residents. You will also have to file taxes in Maryland. If your move is permanent, you can also open up an entirely new LLC in Arizona and have it "purchase" your Maryland business assets-this This gives you a clean slate in the state and would prevent incurring taxes in both states.

John

15.

-Is there any tariff relief in customs for companies who are importing items/equipment/machineries in response to COVID 19?

<http://customsandinternationaltradelaw.com/2020/03/28/section-301-tariff-updates-ustr-grants-exclusions-seeks-comments-products-necessary-combat-covid-19/>

<https://ustr.gov/issue-areas/enforcement/section-301-investigations/section-301-china/300-billion-trade-action>

The United States Trade Representative (USTR) announced a period for public comment on excluding medical goods from Section 301 China tariffs if they are needed to fight the coronavirus pandemic. The USTR notice was published in the Federal Register on March 25, 2020. The USTR previously granted approximately 200 exclusions from Section 301 tariffs for medical goods because they are needed to fight the COVID-19 pandemic.

The U.S.-China Phase One trade agreement formally signed in January has resulted in reduced or suspended tariffs on List 4 products, but Section 301 tariffs on Lists 1, 2, and 3 remain in place, and the exclusion process continues:

- The USTR continues to review List 3 and 4A exclusion requests; and
- The USTR on a rolling basis announces requests for comments about extending exclusions several weeks before the exclusions expire and is granting certain extensions.
- List 4 Tariffs Reduced or Suspended, and the USTR Continues Its Review of List 3 and List 4A Exclusion Requests

- **On Dec. 13, 2019, the USTR announced the United States had reached Phase One of a trade agreement with China. At the direction of President Trump, the USTR proceeded to suspend the 15 percent tariffs on List 4B products set to take effect on Dec. 15, 2019. The USTR notice was published in the Federal Register on Dec. 18, 2019, 84 FR 69447. The U.S. and China officially signed the deal on Jan. 15, 2020. In exchange for China's commitment to make substantial additional purchases of U.S. goods and services in the coming years, the U.S. agreed to reduce tariffs on List 4A products from 15 percent to 7.5 percent. The USTR announced this tariff reduction in the Federal Register on Jan. 22, 2020, and it took effect on Feb. 14, 2020, 85 FR 3741. Lists 1, 2 and 3 products are subject to 25 percent Section 301 tariffs.**
- **The deadline to submit exclusion requests for the last tariff list of products, List 4A, passed on Jan. 31, 2020, and the USTR continues to review List 4A and List 3 exclusion requests. The first List 4A exclusions the USTR has granted include medical products needed for the U.S. response to COVID-19.**

<https://www.lexology.com/library/detail.aspx?g=69eabd16-ad1f-4e64-97ab-44137ebfd549>

U.S. Food and Drug Administration (FDA) Contact Information

- **Due to the large number of inquiries that FDA and CBP have been receiving on importing medical products under one of the guidance documents or an Emergency Use Authorization, we have set up the following email addresses for importers, manufacturers, or brokers to get answers directly from FDA's Subject Matter Experts:**
- **Diagnostic tests: COVID19DX@FDA.HHS.GOV**
- **Ventilators: CDRH-COVID19-Ventilators@fda.hhs.gov**
- **Surgical masks: CDRH-COVID19-SurgicalMasks@fda.hhs.gov**
- **Other personal protective equipment (PPE): CDRH-COVID19-PPE@fda.hhs.gov**
- **Note that surgical masks has its own separate email above**
- **Hand sanitizers: COVID-19-Hand-Sanitizers@fda.hhs.gov**
- **General import inquiries: COVID19FDAIMPORTINQUIRIES@fda.hhs.gov**
- **For more information, please visit the following links to FDA's COVID-19 website**
- **[FDA COVID-19 Homepage](#)**
- **[Q&A for Consumers: Hand Sanitizers and COVID-19](#)**
- **[Animal Health & Safety and the Coronavirus Disease 2019 \(COVID-19\)](#)**
- **[Industry FAQs: Animal Food Safety and the Coronavirus Disease 2019 \(COVID-19\)](#)**

- As a manufacturing owner, what are the immediate aids available to me to prevent my losses?
Any help offering to fill the applications?

The SBDC can assist as you complete your applications. The two primary sources of funds would be the PPP loan through your local bank, and the EIDL directly from SBA. Depending upon the county in which you are located, there may be some additional local relief. As a first step though, you should talk with your lenders and suppliers for some payment deferral. The Maryland Relief Wizard tool would allow you to search options <https://reliefwizard.net/>

-From what we are observing, this situation of market down turn is going to continue, what are the go-forward, proactive options and aids available to my business? How do we know about the availability of the fund? Who is going to reach out to us? Is this going to be on a first come first served basis?

Most of the funding options will not reach out to you, you will need to be proactive in exploring options. Most of the funding opportunities are first come first served. Please refer to the SBDC Survival guide for specific resources that may apply to your business, and work with your consultant to review potential solutions.

Herb

16.

-I applied for the EIDL loan on April 3rd and received a confirmation number. When or how do I hear whether or not I will receive the \$10K loan advance?

It has been taking 15 to 21 business days to hear back from the SBA. The way you will know is the EIDL Advance will show up in your bank account – labeled SBAD-TREAS. So, you should be seeing sometime this week. Keep in mind the loan advance is \$1000 per employee up to \$10,000.

-I am a sole proprietor and want to know what other programs I can apply to.

As we said earlier, you may be able to apply for the PPP and EIDL programs depending on your own situation.

Robert

17.

- We have 8 weeks to apply our SBA PPP loan proceeds, however, we are not permitted to open our restaurant. Will there be a provision added to address that situation?

At present, the 8-week forgiveness period starts immediately at disbursement so whether you are open or not the expectation is that you will begin using the funds to pay workers. We have asked the SBA and again right now there is no latitude on this period and no changes pending. Remember, the goal of the program is to preclude workers from being laid off and going on unemployment insurance so that's why it starts immediately.

But this is a question we get frequently and honestly, it's one of those times where a piece of legislation looks great on paper but doesn't work as well in the real world. And the restaurant industry is really the place where this has come to light the most.

Because of the way the PPP loan amount is calculated it doesn't capture the tip income of a lot of restaurant workers so the wages they are getting are lower than the new boosted UI- sometimes by a lot. So you have the situation that an employer- if they laid people off are having trouble getting them back because the workers are making more on UI than they would working at a restaurant with no customers to tip them. And if the restaurant cannot get the workers back or replace them then it impacts the amount of forgiveness on the loan.

So again, at present with this 8-week forgiveness period clause in there, restaurants in particular need to think about whether or not it makes sense to take the PPP loan and whether or not it will be forgiven. There is a great article on this written by James King who owns several restaurants in Anne Arundel County that talks about the PPP and restaurants, so if anyone wants a copy of that just drop me a line and I'll send it over.