



Tax Considerations from the CARES Act

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Presented to
NAIOP South Florida

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SBA: ECONOMIC INJURY DISASTER LOAN (EIDL)

Eligibility

- Small businesses and non-profits affected by the disaster

Criteria

- Credit History: Acceptable to SBA
- Eligibility: Suffered working capital damage
- Can demonstrate the ability to re-pay the loan

Borrowing Limit

- Up to \$2 Million

Interest Rate

- 3.75% - For Profit / 2.75% - Not For Profit

Use *

- Fixed debts, payroll, accounts payable, and other bills

Collateral

- Required for loans over \$25,000
- Real Estate may be accepted
- Personal guarantee required for >\$250,000

* - not for existing debt reduction, replace lost sales or expansion

SBA: ECONOMIC INJURY DISASTER LOAN (EIDL) (1)

Applying

- Online or through mail

Documents

- Loan Application
- **SBA may request - IRS Form 4506-T, Income Tax Return, SBA Form 2202, SBA Form 413, SBA Form 1368**

Payment Terms

- up to 30 years based on ability to pay; 12 months of payment can be deferred

Timing (Estimated)

- Decision: 2 – 3 weeks
- Disbursement: may be eligible for initial disbursement up to \$10,000 within 3 days
- \$10,000 does not have to be repaid if you are denied approval for loan. However, it will be deducted from any loan forgiveness amount on PPP loan

Link

<https://disasterloan.sba.gov/ela/Account/Login>

Additional Mortgage Programs

- SBA Express Bridge Loan
 - Up to \$25,000.
 - Quicker turn around process
 - Loan can be repaid with money received from the EIDL loan
 - Max 7 year loan term and interest rate is decided by lender
- Main Street Funding Programs
 - Waiting on guidance
 - Federal Reserve creating program
 - \$1M minimum – not final
 - 4 year loan
 - Principal and Interest Deferred for One Year
 - (1) the business has 10,000 employees or fewer; or (2) the business had 2019 revenues of \$2.5 billion or less

CARES Act-SBA 7(a) Loans and the Paycheck Protection Program

Eligibility

- Small business with fewer than 500 employees
- Small business that meets the SBA's size standard
- 501(c)(3) with fewer than 500 employees
- 501(c)(19) Veterans Organization that meets SBA size standard
- Individual who operates as a sole proprietor, independent contractor or self-employed who regularly carries on any trade or business
- Tribal business concern that meets SBA size standard
- Must have been in operation before 2/15/2020

Paycheck Protection Program

- Loan Amount – 12 month average monthly PR costs X 2.5 (10M max)
- PR costs – wages, healthcare costs, retirement benefits, certain taxes
 - Exclude >100k, residence o/s US, sick/family leave
- Payment Terms on Unforgiven: Payments deferred six to twelve months following loan disbursement date
 - Interest at 1% for 2 years
- Uses – PR costs, Interest, Rent, Utilities
- Other –
 - No Fees
 - Cancelled debt – not revenue
 - No collateral, no personal guarantee
 - “No credit elsewhere” waived

Paycheck Protection Program (cont.)

- Loan forgiveness – cost during 8 week period beginning on date funds received
 - PR Cost (must be 75% of the costs)
 - Other Eligible Costs 25%
 - Interest
 - Rent
 - Utilities
- Forgiveness reduction
 - FTE eliminated 8 week before loan funded
 - Total wage reduction > 25% (Employee < 100k)
 - If rehired, not reduced by above
- Need proper documentation for loan forgiveness

Tax Law Changes under the CARES Act

- Extended Filing Dates
- Net Operating Losses subject to a 5 year carryback and not limited by 80% of Taxable Income Rule. This applies to NOLs from 2018, 2019 or 2020.
- More Business Interest Expense allowed. Under the TCJA, net business interest is limited to 30% of Adjusted Taxable Income (unless certain exceptions apply). For 2019 and 2020 this is increased to 50%
- Bonus Depreciation is Allowed on Qualified Improvement Property (QIP) costs. The legislative error in the TCJA is fixed and QIP now is eligible for immediate write-off. This provision is retroactive to enactment of the TCJA, December 2017.
- Payroll Tax Credits – Employee Retention Credit, Payroll Tax Holiday

Ashlie Forum, CPA

Partner | Real Estate & Construction Industry Leader, Southeast

Ashlie Forum is a Partner in the Firm's Tax & Business Services Division. She serves as Tax Services Leader for Real Estate and Construction in the Southeast for the Firm.

Additionally, Mrs. Forum provides a wide range of tax services to privately held companies in a variety of industries with extensive experience serving family businesses as well as high net worth families. She has provided tax consulting, compliance, research, and tax planning services to privately held companies, as well as assisted with tax controversy issues.

Mrs. Forum has ample knowledge in partnership taxation with a focus on the business and compliance needs of limited liability companies.

Mrs. Forum also has experience in Family Office services, which includes a variety of services from bill paying, succession planning, and investment analysis.

Professional & Civic Affiliations

American Institute of Certified Public Accountants (AICPA), Member
Florida Institute of Certified Public Accountants (FICPA), Member
Cystic Fibrosis Foundation Finest Event, Committee Member
Marcum CPE Training, Committee Chair & Instructor
NAIOP, Member
Commercial Real Estate Women Network (CREW), Member



Subject Matter Expertise

Real Estate
Construction
Family Office
Partnerships

Practice Focus

Real Estate Companies
Construction Companies
Family Offices

EDUCATION

Masters in Accounting,
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