

PPP Weekly Update

February 15, 2021

PPP1 Loan Forgiveness, Employee Retention Credits and Targeted EIDL Advance

This week, we did not receive hoped-for SBA guidance regarding the Paycheck Protection Program 1 loan forgiveness rules or the Employee Retention Credit calculations. Hopefully, we will hear something this week which we can share in our next update.

So, we are going to use this week's update to discuss a frequently overlooked stimulus program... the Targeted EIDL Advance.

What is the Targeted EIDL Advance program?

The Targeted EIDL Advance is an SBA grant of up to \$10,000 for qualifying organizations.

Who qualifies?

Organizations who: (i) applied for an EIDL loan advance in 2020 and received an Advance of less than \$10,000¹; (ii) has 300 or fewer employees; (iii) is located in a federally identified low-income community; and (iv) can demonstrate a reduction in revenue of *more than* 30 percent during an 8-week period beginning on March 2, 2020 or later.

What is the maximum Targeted EIDL Advance my organization can receive?

The maximum grant amount is \$10,000 *less* the amount your organization received as an EIDL loan advance from the 2020 program. For example, if in 2020 your organization received an EIDL loan advance of \$4,000, the maximum you would qualify to receive from the Targeted EIDL Advance program is \$6,000 (\$10,000 maximum less the \$4,000 EIDL loan advance received in 2020).

Can I apply now?

No. You must wait for the SBA to send an email inviting you to apply for the new Targeted EIDL Advance. The SBA started emailing invitations on February 1 and is expected to continue sending invitations for several weeks. All communications will be sent from an official government email with an "@sba.gov" ending. If you receive an invitation from an address that does not end in "@sba.gov", it is probably a scam. So be careful.

What information will I need to submit with my application?

You will need to submit your organization's 2019 federal tax return (e.g., Form 990) and a report showing monthly gross receipts from January 1, 2019 through your most recent month-to-date period. This information will be used to determine if your organization meets the greater than 30 percent reduction in gross revenue requirement during an 8-week period beginning on March 2, 2020.

Recap

- No news this week regarding the Paycheck Protection Program or Employee Retention Credit programs.
- If you applied for an EIDL loan in 2020, watch your email for an invitation to apply for the Targeted EIDL Advance program.

¹ In March 2020, the SBA started offering EIDL loans. EIDL loans are 30-year, low interest loans that must be repaid. EIDL loan applicants who, at the end of the loan application, included their banking information and checked a box requesting an "EIDL Advance", qualified for an EIDL Advance of \$1,000 per employee with a maximum Advance/grant of \$10,000. If an applicant later decided not to complete the SBA loan process or was denied the loan, the EIDL Advance did not need to be repaid... it was to be treated as a grant.