



The Small Business Guide to

Relief Programs for COVID-19

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How to use this guide:

There are several relief programs available to small business employers impacted by COVID-19. Trying to identify which one is most applicable and beneficial for your situation can be complicated.

But it doesn't have to be. We've summed it up for you in this guide – get started by selecting which scenario is closest to your situation and review the programs available to you and your employees.

Start here.

Instructions: Select which scenario is closest to your situation and review the programs available to you and your employees.

		Employer Programs				Employee Programs			
		SBA Loans		Tax Credits		Employee (EE) Leave		Unemployment (UI)	
Business Scenario for businesses with <500 Employees		Paycheck Protection Program (PPP)	Economic Injury Disaster Loan (EIDL)	Employee Retention Tax Credit	Payroll Tax Deferral	Families First Coronavirus Response Act (FFCRA) Sick Leave up to 80 hrs	Families First Coronavirus Response Act (FFCRA) Paid Leave up to 12wks	Full UI	Partial UI
1	My employees have essential work with the same number of hours. However, I need cash for payroll and other expenses.	X <i>Forgiveness may apply</i>	X <i>Nominal forgiveness may apply</i>	X	X	X <i>EE on leave / not working</i>	X <i>EE on leave / not working</i>		
2	I am unable to have my employees do essential work (zero hours), and need cash for other business expenses.		X <i>No forgiveness b/c no payroll</i>	X				X <i>EE can apply if terminated</i>	X <i>EE can apply if temporary</i>
3	I am able to offer reduced hours for employees to do essential work, and need cash for payroll and other expenses.	X <i>Forgiveness may apply</i>	X <i>Nominal forgiveness may apply</i>	X	X		X <i>EE on leave / not working</i>		X <i>EE may apply</i>
4	Already terminated employees, but if I can get funds for payroll and other expenses, I would like to bring them back because there is essential work they can do.	X <i>Forgiveness may apply</i>		X	X				

Paycheck Protection Program (PPP):

Why this option

Loan Forgiveness

You don't have to pay back the amount you spend on payroll, rent, interest on mortgage debt and utilities for the first 8 weeks

Get access to funds

- Borrow up to 2.5x your average monthly payroll, up to \$10M
- No collateral or personal guarantee needed
- Cash can help sustain your business operations

Payment Deferred up to 12 months

Principal and interest payments on the loan may be deferred 6-12 months.

Keep your employees

You get to keep your employees, and they get to keep their health benefits. Plus you don't have to rehire when business starts picking back up.

How it works

A PPP loan can help you cover qualifying expenses like payroll, healthcare, rent, mortgage interest, utilities, and interest on prior debt.

Here are key points:

- Terms: Max 2 years and 1% interest
- You can apply for both PPP and EIDL but funds cannot be used for same purpose
- You can request forgiveness of entire loan amount if you retain your number of employees or wages for 8 weeks following loan disbursement (75% of that amount is used for payroll)
- Any amount of the loan that is not forgiven must be repaid
- You can rehire employees already laid off and have until 6/30 to restore full-time employment and salary levels for any changes made between 2/15-4/26.

When to apply:

As soon as possible! Applications will be accepted starting 4/3 until 5/5. Due to anticipated high demand, we encourage you to apply early. For details on how to apply, [click here](#).

Example

You have a restaurant and to keep the business running, you've reassigned your staff to other roles like managing takeout and delivery. Your monthly average payroll is \$20,000. Multiply \$20,000 by 2.5 and you get your maximum loan amount of \$50,000.

Over the eight-week period after you receive the loan, you use \$40,000 for payroll, \$9K for rent and \$4,000 on utilities. The sum is \$53K (of which payroll is 75%).

Since your qualifying expenses (\$53K) are in excess of your loan amount (\$50,000), your entire loan will be forgiven.

Alternatively, if your qualifying expenses total to only \$40,000, you'll then have a \$10,000 loan balance after the forgiven amount and your payments can be deferred 6-12 months.

SBA Economic Injury Disaster Loan (EIDL):

Why this option

Fast cash with \$10K cash advance grant

You can request for a \$10,000 cash advance grant as part of EIDL, which will be processed in 3 days. You do not need to pay this amount back if used for payroll. And if your loan is denied, you do not need to pay the \$10,000 back.

Get access to funds

- Borrow up to \$2M
- Cash can help sustain your business operations

Payment Deferred for 12 months

Principal and interest payments on the loan may be deferred for 12 months.

Keep your employees

You get to keep your employees, and they get to keep their health benefits. Plus you don't have to rehire when business starts picking back up.

How it works

An EIDL can help you cover payroll and other operating expenses to keep your business running.

Here are key points:

- Rate: 3.75% interest for businesses; 2.75% for nonprofits
- Repayment term up to 30 years, determined by your ability to repay the loan
- May require collateral for loan amts > \$25K
- When you apply, request \$10,000 as an emergency grant. You will not need to repay the grant if your loan app is denied.
- You can apply for both PPP and EIDL but funds cannot be used for same purpose
- While an EIDL can be refinanced into a PPP loan, the EIDL does not have the same loan forgiveness provisions as the PPP.

When to apply:

Applications are being accepted from now until 12/31/20. For details on how to apply, [click here](#).

Example

Your restaurant needs fast cash for payroll because revenues have significantly dropped.

You can apply for an EIDL and request a \$10,000 cash advance grant. Three days later, you receive the \$10,000 and use it for payroll.

Couple weeks later, you are advised that your loan was denied. You do not need to pay the \$10,000 back.

Alternatively, you are advised that your loan was approved for \$10,000. Payments will be deferred for 12 months and you can also consider refinancing the loan under the PPP.

Employee Retention Tax Credit:

Why this option

Fast tax credit reimbursement

You'll get immediately reimbursed for the tax credit by reducing your required payroll tax deposits by the amount of the credit.

Keep your employees

You get to keep your employees, and they get to keep their health benefits. Plus you don't have to rehire when business starts picking back up.

How it works

The Employee Retention Tax Credit is designed to encourage businesses to keep employees on payroll by providing a refundable tax credit of 50% of up to \$10,000 in wages.

You are eligible if your business is fully/partially suspended because of a government order, or if you have 50% reduction in quarterly receipts because of COVID-19.

Here are the key points:

- The tax credit is equal to 50 percent of qualified employee wages (including allocable qualified health plan expenses)
- If you have <100 full-time employees, you can claim credit for wages paid to all employees, up to \$10,000
- If you have >100 full-time employees, you can claim credit for employees furloughed or hours reduced b/c of employer's closure or economic hardship
- Tax credit is provided through 12/31/20
- Not available if you have a PPP loan

Example

If you are eligible, you can be immediately reimbursed for the credit by reducing your required deposits of payroll taxes that have been withheld from employees' wages by the amount of the credit.

You will need to report your total qualified wages and the related health insurance costs for each quarter on your quarterly employment tax returns or Form 941 beginning with the second quarter.

If your employment tax deposits exceed the credit, you may receive an advance payment from the IRS by submitting Form 7200.

Payroll Tax Deferral:

Why this option

Taxes Deferred for 2 years

You can save on the employer share of payroll taxes this year by deferring payment to 2021 and 2022.

Keep your employees

You get to keep your employees, and they get to keep their health benefits. Plus you don't have to rehire when business starts picking back up.

How it works

As an employer, you are required to deposit your share of payroll taxes to the U.S. Treasury electronically either semi-weekly or monthly. With the Payroll Tax Deferral program from the CARES Act, you may defer paying your share of payroll taxes owed on wages paid through 2020.

Here are the key points:

- Businesses and non-profit employers are eligible to defer their payroll taxes. If you receive a loan under the SBA Paycheck Protection Program (PPP), you cannot take advantage of this program.
- Payroll taxes that are deferrable include employer portion of FICA, employer and employee representative portion of Railroad Retirement taxes and half of SECA tax liability
- Deferred taxes are due in two installments: 50% by 12/31/21, and 50% by 12/31/22

Example

If your employer share of the payroll taxes is \$80,000 in 2020, you will not have to deposit that amount as scheduled.

Instead, you can pay 50% or \$40,000 by 12/31/21, and the other 50% or \$40,000 by 12/31/22.

Families First Coronavirus Response Act (FFCRA): Sick Leave up to 80 Hours

Why this option

Government-funded

You can retain and access funds you would otherwise pay to the IRS in payroll taxes (employee's share of Social Security and Medicare taxes and the employer's share of Social Security and Medicare taxes for all employees) to cover the cost of FFCRA sick leave.

Keep your employees

FFCRA enables you to keep your employee on payroll while ensuring that they do not have to choose between their paychecks and the public health measures.

Employees have compensation and health care coverage

Keeping your employee on payroll means they can receive some compensation and have health care coverage while on leave.

How it works

FFCRA allows a covered employee to take up to 80 hours of paid sick leave (pro-rated for part-time employees) in addition to existing sick leave if they are unable to work (or telework) because they are:

- Subject to quarantine, or ordered to self-quarantine (employee entitled to its full salary, but capped at \$511 per day and \$5,110 total)
- Experiencing symptoms of COVID-19 and seeking a medical diagnosis (employee entitled to its full salary, but capped at \$511 per day and \$5,110 total)
- Caring for an individual who must self-quarantine (employee is entitled to $\frac{2}{3}$ of their pay but capped at \$200 per day and \$2,000 total)
- Caring for a child under 18 years old because the child's school or child care is unavailable due to COVID-19 (employee is entitled to $\frac{2}{3}$ of the employee's pay but capped at \$200 per day and \$2,000 total)
- Experiencing "substantially similar conditions specified by the Secretary of Health and Human Services" (employee is entitled to $\frac{2}{3}$ of the employee's pay but capped at \$200 per day and \$2,000 total)

Example

If you paid \$5,000 in FFCRA sick leave and are otherwise required to deposit \$8,000 in payroll taxes, you could use up to \$5,000 of the \$8,000 in taxes for the sick leave benefits. This means you would be required to only deposit the remaining \$3,000 on your next regular deposit date.

Alternatively, if you paid \$6,000 in sick leave and are required to deposit \$5,000 in payroll taxes, you can use the entire \$5,000 of taxes toward the sick leave benefit and file a request with the IRS for an accelerated credit for the remaining \$1,000.

Note: You cannot require your employee to use other paid leave before using COVID-19 related leave, and sick leave will not carry over to 2021.

Families First Coronavirus Response Act (FFCRA): Paid Leave up 12 weeks

Why this option

Government-funded

You can retain and access funds you would otherwise pay to the IRS in payroll taxes (employee's share of Social Security and Medicare taxes and the employer's share of Social Security and Medicare taxes for all employees) to cover the cost of FFCRA sick leave.

Keep your employees

FFCRA enables you to keep your employee on payroll while ensuring that they do not have to choose between their paychecks and the public health measures.

Employees have compensation and health care coverage

Keeping your employee on payroll means they can receive some compensation and have health care coverage while on leave.

How it works

FFCRA allows a covered employee to take up to 12 weeks of job-protected leave if they are unable to work (or telework) because they must care for their child (under the age of 18) whose school or child care facility/program has closed due to COVID-19.

Here are the key points:

- To be covered, the employee must have worked for the company for at least 30 days before the start of leave. Any employee that was laid off on or after March 1, 2020 and is re-hired, is deemed to have worked for the company for at least 30 days if s/he worked for the employer for at least 30 of the last 60 days.
- The first ten (10) days of such leave will be unpaid, unless the employee chooses to substitute accrued vacation, personal leave or sick leave. You cannot require an employee to do so. Your employee can also elect to use 80 hours of paid COVID-19 sick leave.
- After the first 10 days, employees are entitled to paid child care leave for the next 10 weeks at two-thirds ($\frac{2}{3}$) the employee's pay rate, but capped at \$200 per day, up to \$10,000 total.
- Part-time employees must be paid based on the average number of hours worked for the six months prior to taking this leave. Employees who have not worked for at least six months prior to taking this leave may receive an amount equal to their reasonable expectation at hiring or the average number of hours the employee would ordinarily be scheduled to work.

Example

If you paid \$5,000 in FFCRA sick leave and are required to deposit \$8,000 in payroll taxes, you could use up to \$5,000 of the \$8,000 in taxes for the sick leave benefits. This means you only need to deposit the remaining \$3,000 on your next regular deposit date.

Alternatively, if you paid \$6,000 in sick leave and are required to deposit \$5,000 in payroll taxes, you can use the entire \$5,000 toward the sick leave benefit and file a request with the IRS for an accelerated credit for the remaining \$1,000.

Note: You cannot require your employee to use other paid leave before using COVID-19 related leave, and sick leave will not carry over to 2021.

Unemployment Insurance (UI): Full Unemployment

Why this option

Care for your employees

While you have to make the difficult decision to let your employee(s) go, unemployment insurance will provide them with compensation during this difficult time.

Increased UI benefits with the CARES Act

With the CARES Act, your employee will receive an additional \$600 per week in addition to their State UI benefit for 13 more weeks.

Special Notes:

Under full unemployment, your employee is separated from you and will not retain health care benefits.

Please review other relief options that may help you keep or re-hire an employee who has been laid off.

How it works

Under the new Coronavirus Aid, Relief, and Economic Security (CARES) Act, individuals who qualify for unemployment benefits (full and partial) will receive \$600 per week in addition to the State's unemployment benefit they are eligible for. This additional \$600 is available for four months. CARES also extends coverage by 13 more weeks, making it possible for an individual to receive unemployment benefits up to 39 weeks.

Employees who are fully separated from employment, through no fault of their own, are eligible for full unemployment benefits. It doesn't mean that you can't rehire an employee in the future, it just means that there is no work for the employee for the foreseeable future.

To qualify for full unemployment benefits, the employee must have:

- Earned at least \$105.00 in gross earnings/wk
- Worked at least 2 quarters during the 4 quarter "base period." For claims submitted during the 1st quarter of 2020, the base period = first three quarters of 2019 and the last quarter of 2018 (Oct 2018 – Sep 2019).
- Have been a Hawaii resident during the period of employment.

Example

Please refer to our [CARES Act & Unemployment Explained](#) Guide for details on how UI benefits are calculated.

With the CARES Act, the employee receiving partial unemployment benefits will receive an additional \$600 per week.

Unemployment Insurance (UI): Partial Unemployment

Why this option

Care for your employees

While you have to make the difficult decision to let your employee(s) go, unemployment insurance will provide them with compensation during this difficult time.

Increased UI benefits with the CARES Act

With the CARES Act, your employee will receive an additional \$600 per week in addition to their State UI benefit for 13 more weeks.

Special Notes:

Please review other relief options that may help get your employee back to regular hours/wages.

How it works

Under the new Coronavirus Aid, Relief, and Economic Security (CARES) Act, individuals who qualify for unemployment benefits (full and partial) will receive \$600 per week in addition to the State's unemployment benefit they are eligible for. This additional \$600 is available for four months. CARES also extends coverage by 13 more weeks, making it possible for an individual to receive unemployment benefits up to 39 weeks.

Partial unemployment is for situations when your employees are still attached to your business. Employees may receive partial unemployment benefits to supplement their income. It is for employees who are not working or working less than their customary regular scheduled hours due to business/work slow down and earning less than their weekly benefit amount. Employees may earn up to \$150 per week and still receive the full weekly benefit amount.

If you elect to allow your employee to take partial unemployment, you need to set the expectation with your employee that they have a specific return to work date.

Example

Please refer to our [CARES Act & Unemployment Explained](#) Guide for details on how UI benefits are calculated.

With the CARES Act, the employee receiving partial unemployment benefits will receive an additional \$600 per week.

Additional Resources:

CARES Paycheck Protection Program (PPP):

- [How to Apply for a PPP Loan](#)
- Guide: [Enhanced SBA Loans with the CARES Act](#)

SBA Economic Injury Disaster Loan (EIDL)

- [How to Apply for an SBA Loan](#)
- Guide: [Enhanced SBA Loans with the CARES Act](#)

Families First Coronavirus Response Act (FFCRA)

- Guide: [FFCRA Guide for Employers](#)
- Video: [FFCRA Explained](#)
- Poster: [FFCRA Employee Rights](#)
- Employee Request Form: [FFCRA / FMLA Request Form](#)

Unemployment Insurance (UI)

- Guide: [CARES Act & Unemployment Explained](#)
- Video: [Employer Guidance for Unemployment in Hawaii](#)
- Video: [Applying for Unemployment in Hawaii](#)

You Can Do This!

This is an extraordinary time for everyone — including employers. If you're navigating downsizing operations and unemployment, remember that you're not alone. Organizations around the world are facing the same challenges, and we here at ProService Hawaii are here to help.

If you approach this challenge with thoughtfulness, compassion, and an openness to a new way of doing things, you can rise to the challenge and build resilience in your business for years to come.

About ProService Hawaii

ProService Hawaii is the state's leader in HR management. We give local employers access to benefits, payroll, HR and compliance support that make it easier to hire, manage and grow their teams.

ProService drives local business forward by taking care of 2,200 employers and 35,000 employees statewide. We combine the power of passionate local experts with innovative HR products and a simple online platform that is transforming the workplace in Hawaii.

