Coronavirus
Resources & Relief
for Small Businesses
entrepreneur.pitt.edu/business-resources-covid-19/

COVID-19 Resources for impacted businesses
AGENDA

1) Introduction – Pitt SBDC Services - Ray Vargo

2) SBA Disaster Loan Process – Dr. Kelly Hunt

3) Working with Your Bank – Huntington Bank

4) Accounting & Tax Issues – Wilke & Associates

5) Legal Issues – Maeillo Brungo Maeillo

6) Insurance Issues – Enscoe Long

7) Conclusion – Bob Stein – IEE
Helping Your Business Start, Grow, Prosper

• Business Planning
• Strategic Planning
• Market Research
• Human Resources
• Financial Analysis
• Information Technology
• Loan Packaging
• Product Commercialization
• Franchise Evaluation
• Environmental Management
• International Trade
Applying for SBA Disaster Loans (EIDL)

Pittsburgh District Office
Applying for SBA Disaster Loans (EIDL)

The following slides are designed to assist Pennsylvania’s Small Businesses in applying for Economic Injury Disaster Loans (EIDL) offered through the SBA.

PLEASE NOTE: This is to assist you in getting to the website, registering and starting the process. We STRONGLY suggest that once you are registered, you download and/or print out the application, familiarize yourself with what is needed, do it manually and then submit online. WE WANT YOU TO HAVE A COMPLETE APPLICATION UP FRONT.

If the application is incomplete, it will be set aside, you will be notified what is missing, and it will stay there until they receive the new information, then YOU GO TO THE BACK OF THE CUE!

So take your time, make sure it is complete. We will be here to assist where we can, but given the district’s limited staffing, we can’t run through an entire application with every Pennsylvania business. We are working with the state and our partners to provide more in-depth help.

Everyone Should Apply!!
Getting Started

• Go to the application at https://disasterloan.sba.gov/ela/

• Click apply online

• Then follow the instructions on the slides
Economic Injury Disaster Loans (EIDL) Portal

Disaster Loan Application Portal (DLAP)

DOUBLE-CLICK ON THE LINK TO ACCESS THE SITE
https://disasterloan.sba.gov/ela/

Disaster Loan Assistance
Federal Disaster Loans for Businesses, Private Nonprofits, Homeowners, and Renters

DOUBLE-CLICK APPLY ONLINE
EIDL Portal Registration

From this page you can:

1) Begin a new application by clicking on Register
2) Return to complete a started application by inputting a user name and password
Complete Registration Process

Complete Registration Information

On page 1 of the registration, pay close attention to the sections with an * these sections must be completed. It is important that a good email address and cell.

On page 2 of the registration you will create your unique user-name and password. When creating your security questions, make sure to use information you won’t likely forget. If your password ever requires a reset, you would need this information.
Apply Online

Disaster Loan Assistance
Federal Disaster Loans for Businesses, Private Nonprofits, Homeowners, and Renters

Eligible Disaster Areas
Apply Online

Double Click on “Apply Online”

Double Click on Business and Non Profit
Business & Loan Type

[Image: Business Type screen from Disaster Loan Assistance]

NOTE: It is important that you choose the correct business type. Especially if you are a Sole Proprietor.

Loan type is EIDL
What to Expect

What to expect once you file your application

• Decision time once a complete application is received is at least 21 days.

• SBA will prepare and send your Loan Closing Documents to you for your signature.

• Once we receive your signed Loan Closing Documents, an initial disbursement will be made to you within 5 days:
  • Physical damage: $25,000
  • Economic injury (working capital): $25,000 (In addition to the Physical damage disbursement)
  • Disbursements will be made in phases

• A case manager will be assigned to work with you to help meet all loan conditions. They will also schedule subsequent disbursements until you receive the full loan amount.
Additional Facts

• At this point you will just follow along and fill out the necessary forms, etc.

• If you are having trouble with first getting in, i.e. it is not recognizing the county and/or state:
  • Make sure you entered your type of business AND clicked on EIDL only under the “Are you applying for:”
  • Otherwise, please give it a while and try again. Disaster is moving as fast as it can, but each state and individual county needs to be entered.

• For help, you can reach out to SBA’s Customer Service Center at (800) 659-2955 or email disastercustomerservice@sba.gov and of course the Pittsburgh District Office at wpainfo@sba.gov. Make sure you have your loan number, which is assigned in the portal.

• Also, check our webpage for additional updates as this continues, www.sba.gov. We are here to assist as much as we can.

• We are all in this together.

• Good Luck and be safe!
COVID – 19
Working with your Bank

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Best Practices

At Huntington, we are dedicated to making communities stronger by supporting local business owners through even the most difficult of times. As the largest SBA lender in our region for the last 10 years, we are committed to providing resources and funding to the closely held businesses that are so vital to our community. The information shared here is not necessary comprehensive, but meant to give you a starting point from which to work.

Our approach is simple: Understand your business goals, then provide financial solutions that will support your success.

Stay current on the COVID – 19 response at Huntington Bank:

https://www.huntington.com/coronavirus
Be Proactive

• Don’t plan to ride out the storm
• Reach out to your bank and let them know if you are struggling or if you foresee challenges on the horizon
• Request an appointment to review both Loan and Deposit side
  • Payment relief options on loans may be offered
  • Your changed and evolving Working Capital needs
  • Additional financing for working capital or other needs
    • Through the lender
    • Other capital access options
Be Prepared

• Work to understand your needs – both the immediate need and your mid- and long-range requirements

• Work with your advisors to understand your working capital requirements. If you cannot do this before your lender discussions, at least give it some thought.
  • How are your receivables coming in now; is that expected to change? How many projects have been cancelled, etc.?
  • What is your status with your vendors? Will they need you to catch up or will they shorten their credit terms with their clients?
  • Is your landlord willing to help make accommodations?
  • Will you be carrying your inventory longer?
Plan During Uncertainty

• Review your current deposit account and treasury management settings and consider if they need right-sized to your updated needs

• Review your existing loan covenants with your lender and prepare them for any unavoidable issues
  • What will happen if you can make your payments but cannot meet some of the covenant requirements or ratios?
  • Can you proactively plan for this?

• Line of Credit availability - Is your line of credit access governed by a Borrowing Base Agreement? Will the evolving situation create an issue there in terms of concentrations? Prepare your lender to consider permanent vs. revolving working capital options.
• Tax Implications of Covid-19 Relief

• March 20, 2020

In partnership with Pitt SBDC, Huntington Bank, Maiello Brungo and Maiello, Enscoe Long, and the SBA.
U.S. Tax Filing Deadline and Federal Tax Payment Due Dates and Limits

- Treasury Secretary Steven Mnuchin announced the tax filing deadline will move from April 15, 2020 to July 15, 2020.

- Notice 2020-17, the notice has provided new payment due dates for corporations and individuals.

- The Applicable Postponed Payment Amount is up to $10,000,000 for each consolidated group or for each C corporation that does not join in filing a consolidated return.

- For all other Affected Taxpayers, the deferred tax payments are limited up to $1,000,000 regardless of filing status. For example, the deferral threshold is the same for a single individuals and for married individuals filing a joint return.
Interest and Penalty

• Currently, the calculation of any interest, penalty, or addition to tax for failure to pay the Federal income taxes is postponed until July 15, 2020, but interest will begin to accrue on July 16, 2020.

• It is important to note the interest and penalties will accrue, without any suspension or deferral on the amount of any Federal income tax payments in excess of the Applicable Postponed Payment Amount ($1 million) due but not paid by Affected Taxpayers on April 15, 2020.

• There is no mention of a decrease in interest rates. The interest rates will begin to accrue starting on July 16, 2020, for the unpaid tax liability.

• The current IRS interest rate for individual underpayment is 5% and for large corporations the underpayment is 7% through first quarter of 2020.

• The 2020 second quarter interest rate is still undetermined.
2020 Tax Estimates

• Review your quarterly tax estimates to determine if you should still continue to follow 110% or 100% safe harbor estimate tax provisions, or if you should base your estimates on 90% of your 2020 current tax liability.

• If you determine that your business revenues or individual tax liability will be lower in the second quarter of 2020, it may make sense from a cash flow perspective to calculate your tax estimate liability based on 90% of your 2020 income tax liability.
State Tax Deferral Payment Grace Period

• Some states have already granted additional time for state tax payments in response to the COVID-19 impact.

• In California, there is a 60-day grace period for those individuals and businesses affected by the virus.

• In Ohio, Michigan, Connecticut, Oregon, and Colorado taxpayers currently have the same IRS grace period of 90 days to pay state taxes.
Businesses Under 50 people

- Small employers up to 50 – “jeopardy” – may not need to comply with new FMLA.
- The Secretary of Labor has the authority to exempt from the Emergency FMLA Expansion Act certain health care providers, emergency responders, and small businesses with fewer than 50 employees if the Act would jeopardize a business’s viability.
- Z-Score for Business Sustainability.
Payroll Tax Credits

• Tax credit for wages paid against the employer portion of Social Security taxes during the calendar quarter.

• Employers who pay qualified family leave wages will receive a social security tax credit equal to 100% of the wages paid, subject to daily and quarterly dollar caps.

• Tax credits for coronavirus related FMLA leave wages paid are capped for each employee at $200 / day and $10,000 for all calendar quarters. If the credit exceeds the employer’s total portion of social security taxes, the excess credit is refundable to the employer.

• Employers will be entitled to a refundable tax credit against the employer portion of Social Security taxes equal to 100% of qualified paid sick leave wages each calendar quarter, subject to daily and quarterly dollar caps.

• When calculating the tax credit for an employee virus related issue employee wages are capped at $511 a day for all calendar quarters.

• If the employee is caring for a child/family member the wages taken into account are capped at $200 a day.

• Note: 2020 Social Security wage base is $137,700.
Thank You!

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Families First Coronavirus Response Act, H.R. 6201

March 20, 2020
Summary of Key Provisions “Families First Coronavirus Response Act” For A Business With Less Than 500 Employees

<table>
<thead>
<tr>
<th></th>
<th>Emergency Family and Medical Leave Expansion Act</th>
<th>Payroll Credit for Required Paid Family and Medical Leave</th>
<th>Emergency Paid Leave Act</th>
<th>Payroll Credit for Required Paid Sick Leave</th>
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<tr>
<td>1</td>
<td>Significantly expands the numbers of workers who have access to job protected leave and requires paid wages</td>
<td>Refundable tax credit, subject to dollar caps, against employer portion of Social Security taxes</td>
<td>Requires employer to provide employee two (2) weeks paid sick leave. Rate of pay varies from full pay to two-thirds of full pay</td>
<td>Refundable tax credit equal to the sick leave pay. Dollar limits to daily sick leave pay credit</td>
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On Wednesday, March 18, 2020, President Trump signed the “Families First Coronavirus Response Act” into law, which will take effect in fifteen days.
Key Provisions For A Business With Less Than 500 Employees

Emergency Family and Medical Leave Expansion Act

1. Employees on the job for at least 30 days have the right to take up to 12 weeks of job protected leave for coronavirus related issues (e.g., illness, quarantine, care for at risk family member ill or under quarantine, care for child of employee if child’s school / place of care has been closed).

2. After two (2) weeks leave (may use paid sick time during initial two (2) weeks) employee must be paid no less than 2/3’s of their regular pay for the remaining 12 weeks of leave.

3. FMLA revisions only apply to coronavirus related issues.

Payroll Credit for Required Paid Family and Medical Leave

1. Tax credit for wages paid against the employer portion of Social Security taxes during the calendar quarter.

2. Employers who pay qualified family leave wages will receive a social security tax credit equal to 100% of the wages paid, subject to daily and quarterly dollar caps.

3. Tax credits for coronavirus related FMLA leave wages paid are capped for each employee at $200 / day and $10,000 for all calendar quarters. If the credit exceeds the employer's total portion of social security taxes, the excess credit is refundable to the employer.
Key Provisions For A Business With Less Than 500 Employees

Emergency Paid Leave Act

3. Employers must provide full time employees two (2) weeks (80 hrs.) and part time employees “typical hours worked during a two (2) week period” of paid sick leave, paid at their regular rate. Pay is required when the employee is required to quarantine, seek a diagnosis, or preventative care as a result of the coronavirus.

4. In addition, employees required to care for a family member under similar coronavirus related issues or a child whose school has closed or care provider is unavailable must be paid two-thirds (2/3) of that employees regular rate.

Payroll Credit for Required Paid Sick Leave

4. Employers will be entitled to a refundable tax credit against the employer portion of Social Security taxes equal to 100% of qualified paid sick leave wages each calendar quarter, subject to daily and quarterly dollar caps.

- When calculating the tax credit for an employee virus related issue employee wages are capped at $511 a day for all calendar quarters.

- If the employee is caring for a child / family member the wages taken into account are capped at $200 a day.
https://www.mbm-law.net/covid-19-guidance-and-resources/

MBM GUIDANCE

COVID-19 Guidance: March 19, 2020 PA Governor’s Business Closure Order

COVID-19 Guidance: School Districts – Plan, Prepare, and Respond to the Coronavirus

COVID-19 Guidance: School District FAQs

COVID-19 Guidance: School Districts – Meeting Procedure
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Insurance

• Please keep in mind carriers and policy language can differ. The items below, while general, do reflect the majority of coverage forms and carrier responses:
1. **Property:**

Would not provide coverage for a business income loss that’s the result of the coronavirus.

This is true no matter if the Business Income coverage is for on premise, civil authority, dependent property, crisis event or food contamination. Business Income and Extra Expense is typically triggered by physical damage to your location/property from a covered cause of loss. A voluntary shutdown or a government entity forced shutdown would not meet that requirement.

2. **Liability:**

Coverage, liability and damages will need a thorough case-by-case review. Bodily Injury by definition can include infection or disease but the key here will be proof of transmission of the virus as well as negligence.
3. **Workers’ Compensation:**

For exposure to coronavirus to be compensable, the exposure must both arise out of the workers’ employment and be in the course and scope of their employment when the exposure took place.

Simply being exposed to the coronavirus while at work will generally not satisfy the two-pronged compensability test in most jurisdictions; there must be an employment risk inherent to the exposure (e.g. a research scientist working with the virus). In addition, it is up to the individual carrier to accept or deny a claim so this can vary by carrier.
4. **Event Cancellation:**

Nearly all existing event coverage excludes Communicable Disease which has been standard since prior pandemics such as H1N1 and SARS. The carriers that we have contacted that have offered this coverage in the past have confirmed they are not offering the coverage at this time. If you do have to cancel an event, retreat, conference or fundraiser you should not expect any reimbursement from an event policy or other standard policies.

5. **Food Contamination:**

Some carriers do offer limited coverage for food contamination based on a communicable disease transferred from staff to clients through the digestion of food. These forms do vary as do the limits, typically around $25,000. This is more typical for restaurants.
6. Employee Benefits

Consideration from health insurers to allow employers who have laid off employees, to continue the employer paid plan until June/July without putting the employee on COBRA.

So Far UPMC has verified that they will do this. Other carriers are in the process of doing this and/or other unspecified employer assistance. More to come via your insurance companies email communications campaigns next week.
New in from Highmark:

- New protocols are not finalized yet but the plan is to waive “active at work” eligibility requirements for coverage for a period of 90 days (assessing this again closer to end of 90 days), enabling coverage of employees transitioned to part-time or furlough status with a few standard caveats. This is being reviewed by Highmark legal now. They will send full list of FAQ’s when they confirm we are good to go.

- With regards to deferment of premium. Highmark does not have plans to implement and across the board policy of deferment but we are looking at extending grace period by 30 days on a case by case basis as well as breaking up payments over a period time. Again, not finalized until vetted with our legal team and Senior Executives.

- AHN (Allegheny Health Network) just suspended all visitations to their facilities.
Pennsylvania Commonwealth

The Wolf administration said answers on the close or not to close quandary can be found by emailing ra-dcedcs@pa.gov

Waivers and exemptions to the closure order can be sought through RA-dcexemption@pa.gov

The administration also if offering working capital loans for businesses affected by the coronavirus shutdown. Information on those will be posted at http://dced.pa.gov/resources.
PA Waiver for Companies Not Closing...

To request a waiver for a life sustaining business list of closings.

- **List of businesses who must close:**

- **Questions about whether or not they must close:**
  ra-dcedcs@pa.gov

- **Exemption requests:** RA-dcexemption@pa.gov

Professional Referrals

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