

Hershey Advisors PC Special Newsletter

HAPC Special Newsletter
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Business Owners - Next Steps

We have been inundating you with email news. This is a brief email on immediate actions as it relates to the CARES Act that was signed last week. More details about the specifics will be following over the next several days.

1. Contact your lender/local bank and inquire if they are registered for SBA Lending. (If they are NOT registered, ask if they have a recommendation of an SBA Lender.)
2. If you have already applied for an SBA working capital loan, continue with the loan application and approval process. It is our understanding this can be "refinanced" into a payroll protection loan in the future.
3. Ask your SBA Lender if they are qualified to assist with the new payroll protection loan. This loan is potentially forgivable. (If they are, ask how to get on the waiting list so you are "next in line".)
4. If you are self-employed, a partner in a partnership, or an S Corporation officer, and have been impacted by business shutdown, we strongly consider that you file for unemployment.
5. Under the act, you can DEFER a portion of your federal employment taxes until a point in the future. Consider whether you want to defer employer payroll taxes. (If you receive a payroll protection loan, these taxes cannot be deferred.)

The concepts behind each of these are complex. We are in the process of drafting a summary of the overall bill. However, this is information that you can begin to gather immediately. We have general information of the above concepts listed below.

General Concepts

SBA Loans are administered by the Small Business Administration (SBA). However, local banks are often the means under which the loan documentation is gathered. Not all banks are eligible to work with the SBA.

Working capital loans are a part of general funding streams during natural disasters.

When the President declared a national "disaster", it permitted these loan activities to begin.

The payroll protection loan is a NEW SBA LOAN introduced by the CARES Act last week. This loan may be forgivable, based upon specific fact patterns. It is likely that the rules for this loan will not be available for several weeks. However, you will want to "get in line" as quickly as possible as we anticipate the banks will begin processing applications on a first come, first served basis.

The Act also modified unemployment rules such that self employed individuals, partners and S Corporation officers are now eligible for unemployment. We recommend you file a retroactive application if your business was closed as a result of COVID-19.

Sincerely,

Your Team at
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