

What to know about the \$300 billion-plus for small businesses in the stimulus bill, and how founders will be able to apply for emergency funds

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On Wednesday, the Senate passed a \$2 trillion stimulus package to stabilize the American economy during the coronavirus crisis — and more than \$300 billion of that is earmarked for small businesses.

The bill would provide loans for small businesses and allow for payroll-tax deferment. It also includes direct payments to some citizens, a stimulus for the airline industry, and increased unemployment insurance.

There are several provisions that could help small businesses struggling to stay afloat and keep workers amid closures and social-distancing measures.

Here's how the stimulus package could help your business, and how to find out whether you're eligible.

Payroll-tax relief

Who's eligible: Businesses that continue to employ workers through the coronavirus crisis.

The stimulus bill would give businesses tax credits and allow them to defer their payroll taxes so they can continue paying employees.

Nicole Kaeding, the vice president of policy promotion and an economist at the National Taxpayers Union Foundation, told Business Insider that employers could delay paying payroll taxes for 2020, then pay 50% in 2021 and the other 50% in 2022.

"This is important because it gives small businesses in particular cash flexibility right now," she said. "The tax isn't forgiven, but they don't need to send the federal government a check right now."

Employers, including those that have been ordered to close, would be eligible for a new payroll-tax credit as long as they keep workers employed through the crisis. However, employers that apply for small-business loans would not receive the credit.

Kaeding also said in a Twitter thread that net operating losses would be loosened for pass-through businesses, or businesses not subject to the corporate income tax.

Small-business interruption loans

Who's eligible: Businesses with 500 or fewer employees that continue to employ and pay workers through the coronavirus crisis.

The government would provide loans to small and midsize businesses to prevent layoffs and to continue paying employees. Individual loans could cover six weeks of payroll, capped at \$1,540 per week, per employee, The Washington Post reported last week.

Garrett Watson, a senior policy analyst at the Tax Foundation, told Business Insider that the maximum loan amount would be the lesser of \$10 million or a company's average total monthly payroll cost for the previous year multiplied by 2.5. If a firm wasn't in business in early 2019, the cost would be calculated based on payroll from January 1 to February 29, 2020.

Sen. Pat Toomey told NBC News earlier this week that the funding for businesses would not be grant money but loans they would be responsible for repaying. But Yahoo reported on Wednesday that provisions in the bill would in some cases allow the loans to be forgiven and effectively become grants.

The New York Times reported that "the loans would be available during an emergency period ending June 30."

How to apply: Applicants must verify the previous six weeks of payroll and later verify that they have paid employees for eight weeks after receiving the loan.

The plan would rely on banks to facilitate the distribution of funding through the Small Business Association, as well as establish a new government lending agency. Additionally, the Federal Reserve has announced plans to create a Main Street Business Lending Program to complement the SBA in lending to small and medium businesses.

For businesses with existing SBA loans, principal and interest would be waived for six months.

The bill must now pass in the House of Representatives before reaching Trump's desk to be signed into law.