

New Stimulus Bill and Related Updates to the EIDL Grants

January 2021

As the second stimulus bill was signed into law by the President, several important changes related to small-business provisions, originally established by the CARES Act, were made. Specifically, the Economic Injury Disaster Loan (EIDL) Advance. EIDL Advance is a grant program offered with the economic injury loan program. Originally, the CARES Act allowed companies to apply for an advance in the amount requested of up to \$10,000. Funds for this program ran out but were revived with the second stimulus bill. The EIDL Advance was not required to be repaid. The Small Business Administration (SBA) has yet to release specific guidelines and new application process, but some of the key takeaways regarding the EIDL Advance are listed:

- The funds are non-taxable and businesses will not be denied a tax deduction for qualified expenses paid with the funds.
- The Advance will not reduce PPP Loan Forgiveness.
 - The SBA will issue rules in the coming weeks related to those borrowers that have already received forgiveness and have their EIDL Advance deducted from the forgiven amount.
- The covered period for the second round of grants has been extended through December 31, 2021.
- Qualified businesses may be eligible to receive the full \$10,000 grant (less any amount received in the first round), even if their previous EIDL applications were not approved.
 - In addition to the qualifications in the CARES Act, a business must have 300 or fewer employees, be located in a low-income community, and have suffered an economic loss greater than 30%.
 - Applications will need to be submitted to the SBA Administrator.
 - The SBA will have 21 days to verify whether the business is eligible.

Until the SBA releases further guidance, we do not yet know the procedures required for those borrowers that have already received forgiveness on their PPP loans and had the forgiveness amount reduced by the EIDL Advance. There are no procedures yet for requesting the new grants. We will continue to monitor any guidance coming from the SBA and will provide updates accordingly. Should you have any questions, please contact Frankel Zacharia today at 402-496-9100.