



Guidance on CARES Act for Small Business Owners

We're in unprecedented times as we all work to respond to the coronavirus (COVID-19) pandemic. Zenith has always been a long-term partner for our customers, and our thoughts and well wishes are with those affected.

The U.S. government has passed the CARES Act to help with the economic effects of COVID-19. As a resource for you, Zenith has compiled information about CARES Act benefits. We hope this document helps you understand ways you can sustain your business and employees during these challenging times. Outlined below are some of the programs, such as 100% forgivable payroll support loans, tax deferrals, and low-interest, fast-turnaround loans. Some of the programs are available only for small businesses, which may be defined differently for any given program, but generally includes businesses with fewer than 500 employees, eligible nonprofit organizations, veterans organizations, and tribal businesses. Visit the included links for more eligibility details specific to each program. You may also consider consulting with your bank, accountant or lawyer for advice and guidance.

In addition, we are available if you need adjusted payment terms during this business disruption. Please contact our customer service hotline at 800-440-5020, and select option #4, or call your agent so we can work with you to navigate through this period together.

Paycheck Protection Program (PPP)

The Paycheck Protection Program authorizes up to \$349 billion toward job retention and certain other expenses to help you retain your employees at their current base salary.

Under this program:

Eligible recipients may qualify for a loan up to \$10 million determined by eight weeks of prior average payroll plus an additional 25% of that amount. See [FAQs regarding eligibility](#).

- If you maintain your workforce, the U.S. Small Business Administration (SBA) will forgive the portion of the loan proceeds that are used to cover the first eight weeks of payroll and certain other expenses
- Fees, collateral, and personal guarantees have been waived
- Loan payments will be deferred for six months (10-year term, 0 to 4% interest rate)
- Some **eligible expenses** include: payroll expenses; interest payments on mortgages, rent, leases, and utilities; paid sick or medical leave; and group health insurance premiums. See [FAQs for additional eligible expenses](#).
- Application deadline: **June 30, 2020**

[Visit](#) the SBA website or [learn more](#).

Economic Injury Disaster Loans (EIDL) and Loan Advance

The SBA's EIDL program provides small businesses with working capital loans up to \$2 million that can provide vital economic support to help you overcome any temporary loss of revenue you might be experiencing.

The SBA is also providing EIDL loan advances of up to \$10,000 for businesses that are currently experiencing a temporary loss of revenue. Funds will be available within three days of a successful application. **This advance does not need to be repaid under any circumstance**, and may be used to keep employees on payroll, pay for sick leave, and cover business obligations including rent, mortgage, or debts.

Eligibility: **January 31, 2020 – December 31, 2020**

To apply for a COVID-19 Economic Injury Disaster Loan, [click here](#) or [learn more](#). *Note: You may qualify for both an EIDL and a PPP loan, however, additional terms apply. Please see [FAQs for more information](#).*

U.S. Small Business Administration Debt Relief

If you have already borrowed non-disaster loans from the SBA, the SBA Debt Relief program may provide you a reprieve from repaying those loans as you work to overcome the challenges created by this pandemic.

Under this program:

- The SBA will pay the principal and interest of certain **new** SBA loans issued prior to September 27, 2020
- The SBA will pay the principal and interest of certain **current** SBA loans for a period of six months

[Learn more.](#)

U.S. Small Business Administration Express Bridge Loans

The [Express Bridge Loan Pilot Program](#) allows small businesses which currently have a business relationship with an SBA Express Lender to access up to \$25,000 with less paperwork. These loans can provide vital economic support to help overcome any temporary loss of revenue, or protection while applying for a direct [Economic Injury Disaster loan](#). If you have an urgent need for cash while waiting for a decision and disbursement on an Economic Injury Disaster Loan, you may qualify for an SBA Express Bridge Loan.

Terms

- Up to \$25,000
- Fast turnaround
- Will be repaid in full or in part by proceeds from the EIDL loan

Employer Payroll Tax Delay, Other Tax Advantages

You may be eligible to defer the 6.2% payroll tax due from your business for the rest of year. Any amounts due will ultimately have to be paid in two installments, one by the end of 2021, and the second by the end of 2022. Learn more about [the Employer Payroll Tax Delay](#).

There are other tax advantages included in the CARES Act, and we suggest you discuss the following programs – and the CARES Act generally – with your accountant or legal counsel to determine eligibility:

- Employee Retention Payroll Tax Credit: a refundable 50% payroll tax credit paid by eligible employers to certain employees during the COVID-19 pandemic. [Learn more.](#)
- Net Operating Loss (NOL) Rule Relaxation: losses from 2018 – 2020 can be carried back the five preceding years.
- Increase of Interest Expense Deduction Limitation: in 2019 and 2020, you may be able to deduct more of borrowing costs (up to 50% of adjusted taxable income, instead of only 30% of earnings)
- Modification of Refundable Minimum Tax Credit: you may accelerate your refunds if you have eligible minimum tax credits
- Technical Correction to Fix ‘Retail Glitch’: you can fully deduct the cost of certain property improvements back to 2018

We at Zenith wish you and your business the best during these difficult times, and if you have questions regarding your insurance, please don't hesitate to reach out to us. In addition, your banking relationship manager, your accountant, and your legal advisor may be valuable resources to assist you in identifying which specific benefits in the CARES Act would best fit your situation. You can also review more details in the Senate's [Small Business CARES Act Guide](#).

This document includes various reference sources and is designed to give employers general information and guidance. The content should not be construed as legal advice or be considered as a substitute for legal advice. Zenith Insurance Company (Zenith) makes no representations or warranties, express or implied, guarantees or conditions of compliance with applicable laws or regulations and such compliance is ultimately the responsibility of the employer. Zenith assumes no liability for consequential or other damages attendant to the use of any materials referenced here.