



Public

# Coronavirus Relief Resources for US Business Owners

As of March 27, 2020

*This document is approved for public use.*

*This document will be updated as new information becomes available and can be downloaded by UBS Financial Advisors at [goto/businessowners](https://www.ubs.com/go/businessowners).*



# Phase III: Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") 1/2

Below is a summary of key details related to business owner relief as part of "Phase III." Many details are yet to be finalized.

Type:	Small Business Interruption Loans (i.e., forgivable loans related to COVID-19)	
Eligibility	Businesses (including sole props & self-employed) & nonprofits except those with Medicaid funds and <ul style="list-style-type: none"> <li>with <b>fewer than 500 employees</b> (subject to the limited exceptions); or</li> <li>that meet the Small Business Administration's ("SBA") industry-based "size standard" requirements for the applicable NAICS code (based either on number of employees or annual receipts)</li> </ul>	Must have been " <b>substantially affected by COVID-19</b> ," which is described as: <ul style="list-style-type: none"> <li>supply chain disruptions</li> <li>staffing challenges;</li> <li>a decrease in sales or customers; or</li> <li>shuttered businesses</li> </ul>
Loan Duration & Amount	With a <b>maximum maturity of 10 years</b> , the amount to be the <b>lesser of (a) \$10 million or (b) 2.5 multiplied by the average total monthly payments by the applicant</b> for payroll, mortgage payments, rent payments, and payments on any other debt obligations incurred during the 1 year period before the date on which the loan is made. Note (b) above is different for newer companies or those with seasonal employees	
Allowable Use	<ul style="list-style-type: none"> <li><b>Payroll support</b>, including paid sick, medical, or family leave, and costs related to the continuation of group health care and retirement benefits during those periods of leave;</li> <li>Employee <b>salaries</b> (up to \$100k annual salary);</li> <li><b>Mortgage payments</b>;</li> </ul>	<ul style="list-style-type: none"> <li><b>Rent</b> (including rent under a lease agreement);</li> <li><b>Utilities</b>; and</li> <li>Any <b>other interest on debt obligations</b> that were incurred before the covered period (excludes payment of principal)</li> <li>Refinance an existing Economic Injury Disaster Loan (<i>page 3</i>)</li> </ul>
Loan Forgiveness	An eligible recipient shall be <b>eligible for forgiveness of indebtedness in an amount equal to the cost of maintaining payroll continuity and other allowable costs during the covered period (8 weeks from loan origination) compared to the previous year</b> . The borrower shall submit to the lender an application, which shall include documentation verifying the number of full-time equivalent employees on payroll and the other costs included in "Allowable Use:" <ul style="list-style-type: none"> <li>payroll tax filings reported to the Internal Revenue Service;</li> </ul>	<ul style="list-style-type: none"> <li>state income, payroll, and unemployment insurance filings;</li> <li>financial statements verifying payment on debt obligations incurred before the covered period; and</li> <li>any other necessary documentation to be determined</li> </ul> The amount of any loan forgiveness will be <b>reduced by any reductions in employee wages</b> (in excess of 25% for any employee) or a <b>reduction in the number of employees</b> during the covered period
Taxability	Canceled indebtedness under this section shall be <b>excluded from gross income</b>	
Other Terms	<ul style="list-style-type: none"> <li>These loans are <b>non-recourse, no personal guarantee</b> required except if using the loans for purposes other than those allowed</li> <li>Final rates (which are not to exceed 4%), underwriting standards and other terms &amp; conditions are to be determined</li> <li>These loans will be issued by SBA 7(a) lenders<sup>1</sup></li> </ul>	



Source: Congress.gov

Neither UBS Financial Services Inc. nor any of its employees provide tax or legal advice. You should consult with your personal tax or legal advisor regarding your personal circumstances.

# Phase III: Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") 2/2

Below is a summary of key details related to business owner relief as part of "Phase III." Many details are yet to be finalized.

Type:	Credit Support for Other Affected Businesses (other than Small Businesses)
Overview	<ul style="list-style-type: none"> <li>• The Secretary of the Treasury (the "Secretary") is <b>given discretion to determine which businesses will be beneficiaries</b> of the credit support but likely to include businesses that would otherwise not qualify for the Small Business Interruption Loans assistance (e.g., businesses with more than 500 employees)</li> <li>• The Secretary will be authorized to <b>make loans, guarantees and other investments</b> (e.g., an equity stake or warrants) in support of eligible businesses as well as states and municipalities not to exceed \$500 billion</li> <li>• An independent oversight committee will oversee the program</li> </ul>
Loan Amount and Terms	Maturity <b>not to exceed 5 years</b> . The Secretary is given similar discretion on determining the terms related to rates, underwriting and other terms & conditions. These loans are not forgivable.
Compensation Limits	<p>Businesses that receive loans or guarantees under this provision will be required to <b>agree to certain caps on compensation and severance payments for employees whose compensation exceeded \$425,000</b> in the 2019 calendar year. Employees with compensation exceeding \$425,000 will be capped at the 2019 levels and any severance pay is not to exceed twice the maximum compensation received in 2019.</p> <p>For officers <b>or employees who earned more than \$3 million</b> in 2019 annual salary, their compensation would be capped at \$3 million plus 50% of the amount exceeding \$3 million in 2019 (example an individual earned \$5 million in 2019 would be capped at \$3 million + 50% x (\$5 million - \$3 million) = \$4 million cap)</p> <p><b>These caps will be in place for the period while the loan is outstanding plus an additional 12 months</b></p>
Buybacks & Dividends	Companies <b>may not conduct stock buybacks nor provide dividends nor capital distributions</b> to investors while the loan is outstanding plus an additional 12 months
Employment Levels	Until September 30, 2020, companies are to <b>maintain levels of employment</b> as of March 24, 2020 to the extent that is practical and in no case is the company to reduce employment by more than 10%

**Additional relief provided by the CARES Act can be found on Page 4**



Source: Congress.gov

Neither UBS Financial Services Inc. nor any of its employees provide tax or legal advice. You should consult with your personal tax or legal advisor regarding your personal circumstances.

# SBA Economic Injury Disaster Loan Program

"Phase II" relief for business owners. Please note that this program is different than the program in "Phase III" and that participating in this program may make the borrower ineligible for participating in the "Phase III" program

Loan size:	Up to \$2,000,000
Who is eligible:	Small businesses, including ESOPs, and non-profits affected by the coronavirus in presidential and <a href="#">SBA-declared disaster areas</a> ( <i>list is updated regularly</i> )
Interest rate:	2.75% for nonprofits 3.75% for small businesses
Term length:	Will vary, but up to 30 years
Usage:	Accounts payable, fixed debts, payroll, and other bills due to the virus
What you'll need to provide	Supporting documentation could include the business's most recent tax returns, a personal financial statement and a schedule of liabilities that lists all your current debts
More information	<a href="https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources">https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources</a>
How to apply	Apply directly to the SBA @ <a href="https://disasterloan.sba.gov/ela/">https://disasterloan.sba.gov/ela/</a> selecting Economic Injury as your reason. Alternatively, call SBA disaster assistance customer service center at 1-800-659-2955 (TTY: 1-800-877-8339) or e-mail <a href="mailto:disastercustomerservice@sba.gov">disastercustomerservice@sba.gov</a> .
Note	These loans are issued by the government and <i>not</i> UBS Financial Services Inc., its affiliates or other banks. While interest rates are low and terms may be favorable, it is possible that the application process may take considerable time as details are not yet finalized. Some business owners may wish to seek traditional SBA "7(a)" loans <sup>1</sup> at higher rates to potentially receive funding faster.



# Additional Relief Programs

Program	Description
Income Tax Filing & Payment	The federal tax return <b>filing and payment</b> deadlines are now July 15, 2020 Check your state and local tax agencies as well as several states have aligned their deadlines
State and Local Relief Programs	Several local jurisdictions are supporting small businesses with loans, grants, or deferral of collection of taxes and fees. <a href="#">Forbes</a> and <a href="#">Inc</a> have evolving listings of local programs**
B2B Transactions	Check with your providers, as many B2B providers (companies, utilities, etc.) are providing discounts, deferral of payments and/or grants to small businesses
"Phase II" Coronavirus Stimulus: Families First Coronavirus Response Act	<ul style="list-style-type: none"> <li>• Tax credits for businesses with fewer than 500 employees to cover:               <ul style="list-style-type: none"> <li>– Two weeks of paid sick leave for employees who have been quarantined, have a sick family member, or have been affected by school closings</li> <li>– Up to three months of paid family and medical leave amounting to no less than two-thirds of regular pay for those employees listed above</li> </ul> </li> <li>• The option for the Labor Department to exempt businesses with fewer than 50 employees from abiding by the paid leave mandate, if the Labor Department decides the new law could pose an existential threat to the company</li> </ul>
"Phase III" Coronavirus Stimulus	<p><b>More than \$1 Trillion in spending, tax benefits, loans, and other aid to businesses; \$2 Trillion in overall relief</b></p> <p><b>Delays of payment of Employer Payroll Taxes</b></p> <ul style="list-style-type: none"> <li>• Payroll taxes due to the IRS through the end of 2020 can be deferred with 50% of those deferred payments due by December 31, 2021 and the remaining 50% due by December 31, 2022</li> <li>• Taxpayers that had indebtedness forgiven under the CARES Act are excluded from this benefit</li> </ul> <p><b>Changes to Net Operating Loss Rules to use losses today against past profits to claim refunds</b></p> <ul style="list-style-type: none"> <li>• The Act temporarily reverses changes to how net operating losses can be carried back.</li> <li>• Losses from 2018, 2019 and 2020 will be permitted to be carried back for up to five years (or forego the carryback and instead carry the loss forward) for 2019 and 2020 income</li> </ul> <p><b>Increases to the amount of interest expense businesses may deduct from 30% to 50% for 2019 and 2020</b></p>



\* Sources: Congress.gov, US Treasury Department and Internal Revenue Service

\*\*Content is deemed reliable, but not vetted or endorsed for accuracy by UBS.

# Disclaimer

---

<sup>1</sup>Offered by Newtek Business Services. The products and services described are provided by the firm mentioned herein and not by UBS Financial Services Inc. or its affiliates ("UBS"). UBS does not act as your Financial Advisor in connection with the referral to the firm mentioned. UBS makes no representations or warranties with respect to any product or service offered by the firm mentioned, and UBS will have no input concerning such products and services. UBS and the firm mentioned are independent of each other and do not have an agency, partnership or employment relationship, and UBS may not act for or bind the firm mentioned in any manner. All applications or requests for products or services must be made directly with the firm mentioned and are subject to their internal review and approval process. The firm mentioned will compensate UBS for any referrals.

Neither UBS Financial Services Inc. nor any of its employees provide tax or legal advice. You should consult with your personal tax or legal advisor regarding your personal circumstances

The information contained in this document is not a solicitation to purchase or sell investments. Any information presented is general in nature and not intended to provide individually tailored investment advice. The strategies and/or investments referenced may not be suitable for all investors as the appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives.

© UBS 2020. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved. UBS Financial Services Inc. is a subsidiary of UBS AG. Member FINRA/SIPC. Review Code: IS2001827 Expiration date: 3/31/2021

[ubs.com/fs](https://ubs.com/fs)

