

## How to Account for the 5 Most Common COVID Relief Payments

### **EIDL Grant - Economic Injury Disaster Grant**

*This grant provides economic relief to small businesses and nonprofit organizations that are currently experiencing a temporary loss of revenue.*

- Emergency funds up to \$10K.
- It's a grant, therefore income and not a loan.
- Non-taxable income.
- Should be on Profit & Loss Statement.
- Receives 1099 from lender.

*Small business owners and qualified agricultural businesses in all U.S. states and territories are currently eligible to apply.*

### **PPP - Paycheck Protection Program Loan**

*A Small Business Association backed loan that helps businesses keep their workforce employed during the COVID crisis.*

- Used to cover payroll and other eligible expenses.\*
- Can be forgiven if funds used correctly.
- Expenses are deductible.
- Should be on Balance Sheet if unforgiven; Should be on Profit & Loss Statement if forgiven.

*\*PPP loans covers payroll costs, including costs for employee vacation, parental, family, medical, and sick leave.*

### **PPP 2 - Paycheck Protection Program Loan Second Draw**

*Certain eligible borrowers that previously received a PPP loan can apply for a Second Draw PPP Loan with the same general loan terms as their First Draw PPP Loan.*

- Maximum loan amount 2.5x the average monthly 2019 or 2020 payroll costs up to \$2 million.
- Companies with fewer than 20 employees can apply until March 9. Opens up to everyone March 10.
- All Second Draw PPP Loans will have the same terms regardless of lender or borrower.

## **EIDL Loan - Economic Injury Disaster Loan**

*This loan provides economic relief to small businesses and nonprofit organizations that are currently experiencing a temporary loss of revenue.*

- Used for working capital and normal operating expenses.
- Payments deferred for one year; interest still accrues.
- Not forgivable.
- Should be on Balance Sheet.

*Small business owners and qualified agricultural businesses in all U.S. states and territories are currently eligible to apply.*

## **SBA Debt Relief - Small Business Association Debt Relief**

*Debt relief to existing Small Business Association loan borrowers during the COVID-19 pandemic.*

- Payments of Principal, Interest and Associated Fees.
- Taxable income.
- Interest is deductible.
- Should be on Profit & Loss Statement.

*The Economic Aid Act also authorized additional debt relief payments to 7(a), 504, and Microloan borrowers beyond the 6-month period prescribed in the CARES Act.*

**Consult with your CPA for further assistance.**