



Comparison of EIDL and Payroll Protection Programs

Key components of the CARES Act with respect to the SBA EIDL program include:

- Waiver of the “unable to obtain credit elsewhere” provisions
- Provides organizations with immediate funding of \$10,000 upon application once eligibility has been verified

In addition to the EIDL expansion, under the SBA’s section 7(a) lending program, the CARES Act includes the PPP, which offers loans of up to \$10 million for organizations to maintain payroll and related benefits, interest on mortgages and other debts, leases, and utility payments.

Below is a comparison summary of key provisions of the EIDL program and PPP. The PPP and EIDL program can be used in conjunction with each other as long as the loans are not used to fund the same costs. Information below is subject to change. For continued updates on these programs, visit the [CLA COVID-19 Resource Center](#).

	Economic Injury Disaster Loan (EIDL)	Paycheck Protection Program (PPP Section 7(a))
Administrator	SBA	SBA Approved Financial Institutions
Amount of Loan	Up to \$2 million	Lesser of \$10 million or 2.5 times average monthly payroll costs incurred during the 12 month period prior to the loan date.
Interest Rate	2.75% for nonprofits	1%
Term/Maturity	Up to 30 years	2 years
Deferral	12 months (interest accrues during deferment)	6 months (interest accrues during deferment)
Prepayment	Prepayment is eligible	Prepayment is eligible
Eligibility	Private nonprofit organizations Fewer than 500 employees	501 (c)(3) nonprofit organizations Fewer than 500 employees

Comparison of EIDL and Payroll Protection Programs (continued)

	Economic Injury Disaster Loan (EIDL)	Paycheck Protection Program (PPP Section 7(a))
Usage	Fixed Debts, payroll and related benefits*, accounts payable and other expenses that cannot be paid because of the disaster's impact	Payroll and related benefits* Interest on mortgage payments or other debts, rents and utilities
Cannot be used for	Refinancing of debt, payment of other SBA loans or lenders, tax penalties, civil fines, or repairs of property or other physical damage	Limited to uses noted above (EIDL may be eligible to be refinanced into a PPP loan)
Collateral	If available, collateral will be taken on loans greater than \$25,000	No collateral required
Loan forgiveness and grant eligibility	Emergency grant up to \$10k (EIDL may be eligible to be refinanced into a PPP loan)	Eligibility is based on specific requirements Forgiveness** available on a portion of the loan proceeds if employers retain employees during specified period
Can I Apply Now?	Although the program is currently inactive, it is believed that additional funding will be coming soon. As such, we recommend contacting your bank and continue the application process.	Although the program is currently inactive, it is believed that additional funding will be coming soon. As such, we recommend contacting your bank and continue the application process.

*Excludes salaries in excess of \$100k or qualified sick and family leave covered under sections 7001 and 7003 of the Families First Coronavirus Response Act.

**Forgiveness amount determined considering factors such as full-time equivalents and payroll rate reductions compared to a defined pre-COVID-19 impacted benchmark period. Forgiveness is non-taxable.

Additional Provisions of the CARES Act

There are additional organization and individual tax provisions within the CARES Act that are applicable to religious organizations.

Organization Provisions

Deferral of employer Social Security tax and PPP loans

Section 2302 of the CARES Act provides that employers may defer the deposit and payment of the employer's portion of social security taxes.

- The deferral applies to deposits and payments of the employer's share of social security tax that would otherwise be required to be made during the period beginning on March 27, 2020, and ending December 31, 2020.
- Self-employed individuals may defer the payment of 50 percent of the social security tax on net earnings from self-employment income imposed under section 1401(a) of the Code for the period beginning on March 27, 2020, and ending December 31, 2020.
- The deferred deposits of the employer's share of social security tax must be deposited by the following dates (referred to as the "applicable dates") to be treated as timely (and avoid a failure to deposit penalty):
 - On December 31, 2021, 50 percent of the deferred amount; and
 - On December 31, 2022, the remaining amount. **Employers that received a Paycheck Protection Program loan may not defer the deposit and payment of the employer's share of social security tax that is otherwise due after the employer receives a decision from the lender that the loan was forgiven. (See FAQ 4 from the IRS).**
- The amount of the deposit and payment of the employer's share of social security tax that was deferred through the date that the PPP loan is forgiven continues to be deferred and will be due on the "applicable dates,"

The Form 941, Employer's QUARTERLY Federal Tax Return, will be revised for the second calendar quarter of 2020 (April - June, 2020). Information will be provided in the near future to instruct employers how to reflect the deferred deposits and payments otherwise due on or after March 27, 2020 for the first quarter of 2020 (January – March 2020).

The IRS has established a [FAQ](#) webpage that provides clarification on many items pertaining to this benefit available to parishes.

Additional Provisions of the CARES Act (continued)

Organization Provisions (continued)

Employee retention credit

The CARES Act added a refundable payroll tax credit equal to 50% of certain compensation (including health benefits) paid by eligible employers from March 13, 2020 to December 31, 2020. An eligible employer is one whose:

- Operations were fully or partially suspended due to a COVID-19 related shut-down order, or
- Gross receipts declined by more than 50% when compared to the same quarter in the prior year. The employer remains an eligible employer in subsequent quarters until the gross receipts exceed 80% of gross receipts compared to the same quarter for the prior year.

For employers with 100 or fewer employees, any compensation paid during the period when the operations were fully or partially suspended or during a quarter in which gross receipts have significantly declined are eligible for the credit, even if paid to an employee who is still working.

The credit is limited to the first \$10,000 of compensation paid to a particular worker. The credit is not available for compensation taken into account in computing the sick leave or family medical leave credits under the FFCRA. Similarly, the credit is not available to employers who take advantage of a small business interruption loan under the paycheck protection program.