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## Resources and Aid for Small Businesses

The City Bar Justice Center's Neighborhood Entrepreneur Law Project (NELP) launched the [COVID-19 Remote Small Business Legal Clinic](#) (CV-19 Clinic) in April 2020 and has since received over 1,400 requests for assistance. The CV-19 Clinic offers limited scope pro bono legal consultations to entrepreneurs and small business owners (with fewer than 100 employees) to help them understand and act upon options available under the federal government's COVID-19 stimulus packages and other opportunities available through federal, state and local programs. CV-19 Clinic consultations can also prepare clients to navigate broader legal issues arising from the COVID-19 pandemic. Areas of advice include: small business loans & grants, contracts & force majeure clauses, employment law matters, real estate and commercial leasing issues, and insurance matters. To participate in the CV-19 Clinic, you may submit a request for assistance by filling out our [online intake form](#). Qualified applicants can expect to be contacted by an attorney within one to two weeks depending on the nature of their issues.

## Loans and Grants

There are several government-backed and privately funded resources available to small business owners in New York City who are struggling in the face of the COVID-19 global pandemic. We have gathered a list of such resources here and we are keeping the list updated to the best of our ability. However, please note that the landscape continues to change rapidly on a day-to-day basis, and you should always conduct your own further research.

The loan and grant funds included in this list are limited, and they typically will be issued on a first-come-first-serve basis. Eligible applicants should submit their requests for assistance as soon as possible, so as to ensure the best chance of receiving funds.

### Federal Government Loan & Grant Programs

The United States' Small Business Administration (SBA) is providing [disaster relief](#) funding in the form of low-interest loans provided for small businesses and non-profits.

1. [Paycheck Protection Program](#) (PPP): offers SBA-backed loans designed to assist small businesses to keep their workers on payroll. The PPP Loan program reopened in January of this year to accept new first time applications as well as Second Draw applications and most recently the deadline to apply has been extended to **May 31, 2021**.
  - Under the [First Draw PPP Loan program](#), business impacted by the Coronavirus, including: sole proprietors, independent contractors, the self-employed, 501(c)(3) non-profits, 501(c)(6) membership associations, 501(c)(19) veterans organizations or tribal business concerns and small businesses with 500 or fewer employees (or that meet the SBA industry size standard if more than 500) and Accommodation and Food service businesses (NAICS code beginning with 72) that have more than one physical location and employ less than 500 per location, may qualify for the First Draw PPP Loan Program.

The PPP loans have an interest rate of 1%, and are to be used to maintain employees and compensation levels and certain other expenses during the 8 to 24 week period following loan disbursement, in order to be forgiven. In order to qualify for full loan forgiveness at least 60% of loan funds must be used to cover payroll costs and up to 40% of PPP funds may be used to cover an expanded list of other expenses including: rent, utilities, interest on mortgages, covered worker protection expenditures and more. Use of funds for any purpose other than those noted [here](#) can result in forfeiture of loan forgiveness.

The loans have a maturity date (payback period) of 2-5 years depending on the date of approval. Loans approved on or after June 5, 2020, will automatically have a maturity date of 5 years and loans approved prior to that date will have a 2 year maturity date.

Additional changes to the PPP program eligibility guidelines were made and small business owners with prior non-fraud felony convictions and small business owners who have been delinquent on their federal student loans, may now apply and updates to the application further ensure access for non-citizen small business owners who are lawful U.S. residents by clarifying that they may use Individual Taxpayer Identification Numbers (ITINs) to apply for relief.

- Furthermore, businesses that applied and received PPP loans earlier in the pandemic, may be eligible to apply for a [Second Draw PPP Loan](#), which has generally similar terms and conditions to the original PPP program, however, it has a more targeted focus than the original. See some of the *main differences* below. Borrowers must:
  - Have fully exhausted their first PPP loan for authorized purposes before disbursement of the Second Draw PPP loan.
  - Have 300 or fewer employees.
  - Have had a revenue reduction of 25% or greater in gross receipts during any quarter of 2020 as compared to that same quarter in 2019.
  - The maximum loan amount is the lesser of \$2 million or 2.5 months of average monthly payroll costs. For certain other employers, including those in the food and accommodation industry the maximum loan amount is up to 3.5 months of average monthly payroll costs or \$2 million, whichever is the lesser amount.

One thing that does remain the same is that in order to maximize forgiveness of both the PPP and the Second Draw PPP Loan, 60% of loan proceeds must be used to cover payroll and their associated costs while 40% can be used for an expanded list of other costs, including rent.

You may visit this [page](#) to search for authorized SBA lenders who may be participating in the PPP lending program. For information about what you will need to apply for a PPP

loan, see the [First Draw PPP](#) and [Second Draw PPP](#) Borrower Application forms. It is important that you check the SBA website regularly and keep up to date with the news as program information is constantly changing.

[Paycheck Protection Program Loan Forgiveness](#) is based on the employer maintaining employees or quickly rehiring employees and maintaining salary levels. Borrowers must apply for PPP loan forgiveness through the same lender who issued the PPP Loan. Lenders then submit their forgiveness decisions to the SBA. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease, although certain exceptions may apply. Loan forgiveness forms and instructions include several measures to reduce compliance burdens and simplify the process for borrowers, including:

- options for borrowers to calculate payroll costs using an “alternative payroll covered period” that aligns with borrowers’ regular payroll cycles;
- flexibility to include eligible payroll and non-payroll expenses paid or incurred during the expanded 8 to 24 week period immediately following disbursement of the PPP loan;
- [step-by-step instructions](#) on how to perform the calculations required by the CARES Act to confirm eligibility for loan forgiveness;
- borrower-friendly implementation of statutory exemptions from loan forgiveness reduction based on rehiring by December 31; and
- an exemption exists from the loan forgiveness reduction for borrowers who have made good-faith, written offers to rehire workers, but were declined.
- The loan forgiveness applications can be found [here](#). It is important that you check the SBA website regularly and keep up to date with the news as program information is constantly changing.

2. [Economic Injury Disaster Loan \(EIDL\)](#): The SBA continues to accept new EIDL COVID-19 applications from qualified small businesses and U.S. agricultural businesses with 500 or fewer employees and private non-profits. The EIDL provides economic aid to businesses experiencing a temporary loss of revenue due to COVID-19. The Economic Aid Act extended the deadline to apply to December 31, 2021.

- EIDL proceeds may be used for working capital and normal operating expenses, such as continuation of health care benefits, rent, utilities, and fixed debt payments. Terms include 3.75% for businesses (fixed), 2.75% for nonprofits (fixed), 30 year maturity date and no pre-payment penalty or fees. Collateral is required for loans over \$25,000. The EIDL loan is not forgivable, although EIDL Advance grants are forgivable.
- [EIDL Advance](#): Is no longer available, as advance funds have been fully allocated. Note, however if you received an EIDL Advance, you will not have to repay those funds. If you also

received a PPP loan, note that you are no longer required to deduct EIDL Advance funds from the PPP loan forgiveness amount.

- The new [Targeted EIDL Advance](#) program provides businesses located in [low-income communities](#) that can demonstrate a 30% reduction in revenue during an 8-week period beginning March 2, 2020 or later with additional funds up to \$10,000 to ensure small business continuity.

Those businesses in low-income communities that applied for the EIDL Advance prior to December 27, 2020 and received less than the full amount, or who received no funds due to lack of funding, will be contacted by the SBA if they are in a low-income community, suffered revenue loss of 30% or more AND have fewer than 300 employees.

3. [SBA Debt Relief](#): SBA will automatically pay 6 months of principal, interest, and any associated fees that borrowers owe for all current 7(a), 504, and Microloans in regular servicing status as well as new 7(a), 504, and Microloans approved as of September 27, 2020. The Economic Aid Act also authorized additional debt relief payments to 7(a), 504, and Microloans beyond the 6 month period stated in the CARES Act. The level of assistance will vary based on when the loan was approved and will begin on or after February 1, 2021. This relief is not available for Paycheck Protection Program loans or Economic Injury Disaster loans. For borrowers of current SBA Serviced Disaster Loans in “regular servicing” status as of March 1, 2020, the SBA is providing automatic deferments through March 31, 2021. Please visit the SBA Debt Relief [website](#) for more information about automatic deferral.
4. [The Shuttered Venue Operators Grant Program](#): Established to aid those venue operators in the hospitality and entertainment industry, whose main business is putting on performances and selling tickets to such performances.
  - Eligible businesses include: live venue operators or promoters, theatrical producers, live performing arts organizations and operators, relevant museum operators, zoos and aquariums who meet specific criteria, motion picture theatre operators, talent representatives, and each business entity owned by an eligible entity that also meets the eligibility requirements. An outline of the eligibility requirements can be found [here](#).
  - The venue must have been in operation as of February 29<sup>th</sup>, 2020.
  - Those who have already received the first or second round of PPP loans may still apply for this grant program; however, PPP funds received on or after 12/27/2020 will have the SVOG award reduced by the PPP loan amount.

- The application is set to open on April 8, 2021, but in the meantime an application checklist can be found at the following [link](#). For more information regarding the application process and to be notified once the application portal opens, see the following [link](#).
5. The **Restaurant Revitalization Fund (RRF)**, is a \$28.6 billion grant program that will be administered by the [SBA](#) and specifically target hard-hit restaurants and bars, with most restaurants able to apply for grants based on lost gross receipts between 2019 and 2020.
- Eligible businesses include: restaurants, food stands, food trucks, food carts, caterers, saloons, inns, taverns, bars, lounges, brewpubs, tasting rooms, taprooms, a licensed facility or premise of a beverage alcohol producer where the public may taste, sample, or purchase products, or other similar place of business in which the public or patrons assemble for the primary purpose of being served food or drink.
  - Those not eligible for the grants include: any state- or local-government-owned entities; a business entity that operates more than 20 locations; businesses that have a pending application with the Shuttered Venue Operators Grant program; or business that is majority owned by or is a publically traded company.
  - The maximum grant size will be \$5 million per location and \$10 million for an eligible entity and its affiliated businesses.
  - The grant application is not yet available and those interested should continue to monitor the SBA website and as well as industry related websites such as the following, <https://restaurantsact.com/rrf> , with updates on the RRF.

The SBA has released a more general guide for businesses and employers responding to the COVID-19 outbreak, which can be found [here](#).

### **State and Local Loan & Grant Programs**

6. [New York Forward Loan Fund \(NYFLF\)](#): The NYFLF provides working capital loans to small businesses and nonprofits, and certain small residential landlords, who did **not** receive an SBA PPP loan in excess of \$500,000 or an EIDL Loan for COVID-19 in excess of \$150,000 in 2020 and who have suffered a direct economic hardship as a result of COVID-19 social distancing policies and stay-at-home orders. To qualify:
- Small businesses must employ 50 or fewer employees and have gross revenues of less than \$5 million per year.

- Non-profits must employ 50 or fewer full time equivalent employees, be a 501(c)(3) or faith based organization providing direct services, and have an annual operating budget of less than \$5 million per year.
  - Small residential landlords who are eligible must have residential buildings with 50 units or less, and loans will be prioritized to those landlords who have properties in low and moderate income areas.
  - Small businesses can apply for no more than \$100,000, or up to 100% of average monthly revenues in any 3-month period from 2019 or the first quarter of 2020.
  - Non-profits can apply for a loan for no more than 100% of the average monthly expenses in any 3-month period from 2019 or first quarter of 2020.
  - Small residential landlords can apply for a loan no more than \$100,000 or the projected reduction in 6-months' net operating income based on actual reductions in net operating income for the month of April or May 2020. Small businesses and landlords will have a fixed annual interest rate of 3% on the loan, while non-profits will have a fixed annual rate of 2%. Applications will be reviewed on a rolling basis as regions and industries reopen. Further information on qualifications, guidelines and loan terms can be found [here](#).
7. [Interest Rate Reduction Grant Program](#): This grant program will help reduce the interest expense owed on an existing loan with select Community Development Financial Institutions (CDFI). CDFI's focus on serving businesses who cannot easily access capital and creating opportunities that positively impact the communities they serve. SBS had partnered with 11 CDFIs who work primarily with Asian, Black, Latino, and immigrant business owners. See the link above for the list of participating CDFI's.
8. [Queens Small Business Grant Program](#) launched on January 19, 2021 to help Queens-based small businesses that are struggling as a result of the COVID-19 Pandemic. The grant will provide up to \$20,000 to each eligible recipient. To be eligible, a business owner must have a first-floor storefront, a second story restaurant or be a street vendor; have employed 20 or fewer full time equivalent employees in 2019; earned gross revenue of less than \$1million or \$3 million if a restaurant. See the link above for more information and to find a participating community partner.

## Private Loan & Grant Programs

9. [One Fair Wage Emergency Fund](#) provides free cash assistance to restaurant workers, delivery drivers, and other tipped workers and service workers struggling amidst the coronavirus crisis. To apply for assistance see the following [link](#).
10. [Artist Relief](#) will distribute \$5,000 grants between now and June 23, 2021 to practicing artists facing dire financial emergencies as a result of the COVID-19 pandemic. Applications will be reviewed on a week-by-week basis and qualifying applications will be selected via a lottery process for funding each week. Artists who do not receive funding are invited to re-apply each month. To apply for the grant, submit your information through the [online application platform](#).
11. [The Coronavirus Financial Impact Loan Program](#) provides interest-free loans of up to \$7,500 to residents of New York City's five boroughs, Westchester, or Long Island who are facing financial challenges caused by the Coronavirus outbreak. These loans are intended to address lost wages, childcare costs, small business losses, and COVID-related medical costs. Coronavirus Financial Impact Loans are repayable in 20 monthly installments beginning July 2020. Income eligibility restrictions apply.
12. The [Harlem Entrepreneurial Fund \(HEF\) COVID-19 Small Business Recovery Loan](#) Program will provide loans for working capital and equipment purchases up to \$15,000 with an interest rate of 1% for a 5 year term with a 3 month deferment period. To be eligible, must be a small business located in NYC which has been in business for 3 months or more.

## Federal Income Taxes and the IRS

1. The IRS and the NYS Department of Taxation and Finance have extended the due date for personal income tax returns and related tax payments to May 17, 2021. This includes individual tax payers who pay self-employment tax. However, this does not apply to estimated tax payments for the 2021 tax year that are due on April 15<sup>th</sup>, 2021. For more info, go to [IRS.gov](#) and see the following [notice](#) from NYSDTF.
2. [IRS Employee Retention Tax Credit \(ERTC\)](#): is a refundable federal tax credit designed to keep employees on payroll. The refundable tax credit is available against certain employment taxes in 2020 equal to 50% of up to \$10,000 in qualified wages paid by an eligible employer whose business has been impacted by COVID-19.

In most cases, the ERTC must be claimed when filing quarterly taxes, and most companies will submit quarterly tax payments by the end of January 2021 for operations in Q4 of 2020 (ultimately, that will be the last chance for many companies to get the ERTC for 2020).

The December 2020 stimulus bill revised the rules around the PPP and ERTC so that businesses can take advantage of both. However, you cannot claim ERTC for the same wages you paid using the PPP loan program funds.



For 2021, the ERTC has been raised to 70% on \$10,000 of wages per quarter through all four quarters of 2021, raising the maximum amount to \$7,000 per employee per quarter for eligible businesses, which amounts to \$28,000 per year per employee. Businesses with up to 500 employees and a revenue decline of more than 20% may be eligible. Check the [IRS website](#) regularly for more information and see the following [IRS news release](#).

### Guidance for Reopening Businesses and Other Resources

1. As businesses throughout New York prepare to reopen in phases there is [guidance available](#) to inform the public which phase NYC is in at the moment. Included under each phase is a list of industries that are allowed to open during the current phase. To help you determine whether or not your business is eligible to reopen, and the public health and safety standards with which your business must comply, you can use the [business reopening tool](#). The list is further broken down by industry, with specific guidelines for reopening and a [business safety plan](#) template that must be completed and retained on the premises of the business.
2. Stay up to date on rapidly changing business information related to COVID-19 by visiting [nyc.gov/covid19biz](https://nyc.gov/covid19biz).
3. Governor Cuomo has released the [NY Forward Guide to Reopening](#), as well as the [Regional Monitoring Dashboard](#), where individuals and small business owners can stay updated on restrictions in their areas of operation
4. [NYC Department of Small Business Services](#) has also compiled guidance and resources for businesses as they look to reopen in the coming weeks and is also providing free face coverings for businesses and their employees.
5. The U.S. Chamber of Commerce shared [informative graphics](#) based on the CDC's latest guidance for business and workers across the country. These can be shared on a business' website, social media, or among colleagues and employees.
6. The CDC published an [Interim Guidance Report for Business and Employers](#) which provides information on workplace recommendations, strategies for employers and employees, as well as important considerations during this period. The CDC also published [guidance](#) for cleaning and disinfecting public spaces, workplaces, businesses, and schools for reopening the country.
7. The Department of Labor published [Guidance on Preparing Workplaces for COVID-19](#) which provides recommendations intended to assist employers in providing a safe and healthful workplace. In addition to recommendations the guidance also provides descriptions of mandatory safety and health standards.
8. Facebook released a [Resource Hub](#) with toolkits and guides aiming to protect small businesses from current interruptions in both supply and demand.

## Commercial Evictions & Foreclosures

1. NYS recently enacted the [COVID-19 Emergency Protect our Small Businesses Act of 2021](#), which extends the commercial eviction moratorium for small businesses with less than 50 employees, who can demonstrate a financial hardship, while also extending mortgage foreclosure protections for small landlords with 10 or fewer units, upon submission of a hardship declaration to the landlord, mortgage lender or the courts, if proceedings have already been initiated – the language for which can be found [here](#). These protections are extended through May 1, 2021.
2. NYC Council enacted the [COVID-19 Relief Package - Personal liability provisions of leases for commercial tenants impacted by COVID-19](#): This Local Law amends the administrative code of the City of New York, as it relates to the personal liability provisions of leases for commercial tenants impacted by COVID-19. The law temporarily prohibits the enforcement of personal liability provisions in commercial leases or rental agreements involving a COVID-19 impacted tenant. This would apply to businesses that were impacted by mandated closures and service limitations as per the Governor's Executive Orders and is set to expire on March 30, 2021.

Specifically, it covers (1) businesses that were required to stop serving food or beverages on-premises (restaurants and bars); (2) businesses that were required to cease operations altogether (gyms, fitness centers, movie theaters); (3) retail businesses that were required to close and/or subject to in-person restrictions; and (4) businesses that were required to close to the public (barbershops, hair salons, tattoo or piercing parlors and related personal care services). Threatening or attempting to enforce such a provision would also be considered a prohibited form of tenant harassment, possibly carrying with it a civil penalty, under NYC Administrative Code §§ 22-902 and 22-903.