

# RESOURCES FOR HAWAII SMALL BUSINESSES

*UNDER THE AMERICAN RESCUE PLAN*



The ongoing coronavirus pandemic is affecting virtually every aspect of life in Hawaii and across the country. These are challenging and uncertain times, but it's important to recognize and reaffirm that we are all in this together.

As we continue to take the difficult, but necessary steps to confront the spread of COVID-19, Congress has passed meaningful relief for affected families and businesses. The American Rescue Plan, signed into law by President Biden on March 11, 2021, provides billions of dollars in aid for Hawaii's families and communities.

This legislation will help Hawaii re-open schools safely; speed up vaccine distribution; expand access to health care; and provide immediate and long-term relief to those in need.

Contact Senator Hirono's Office:

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or go to <https://www.hirono.senate.gov/coronavirus>.

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**Congress recently approved the American Rescue Plan (P.L. 117-2) and Economic Assistance Act (P.L. 116-260) to provide additional resources for small businesses impacted by COVID-19. Learn more about these resources below.**

**More information about SBA programs is also available at <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options>.**

## **PAYCHECK PROTECTION PROGRAM (PPP)**

Last December, Congress provided an additional \$284 billion for PPP, and allowed certain businesses that have experienced substantial revenue losses to receive a second round loan. More recently, Congress provided an additional \$7.25 billion for PPP, and made changes to improve the program. PPP loans are provided through private lenders like banks and credit unions to cover payroll costs, rent, utilities, and other expenses. SBA and Treasury administer the program.

**Eligibility:** Generally, small businesses, 501(c)(3) nonprofit organizations, 501(c)(19) veterans organizations, tribal businesses, and small agricultural cooperatives with no more than 500 employees; sole proprietors, independent contractors, and eligible self-employed individuals; housing cooperatives, eligible 501(c)(6) nonprofit organizations, and eligible destination marketing organizations with no more than 300 employees; and local newspapers, TV stations, and radio broadcasters should be eligible for loans if they meet program requirements. Learn more about whether you may be eligible for a loan on the U.S. Small Business Administration's (SBA) website [here](https://www.sba.gov).

The deadline to apply for PPP loans is *May 31, 2021*. Contact your lender for more information about how to apply.

## ECONOMIC INJURY DISASTER LOAN PROGRAM (EIDL)

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Congress also recently provided \$20 billion for targeted EIDL grants for businesses in low-income communities, and extended the program through December 31, 2021. EIDL loans are provided by SBA, which administers the program.

**Eligibility:** Generally, small businesses, nonprofit organizations, sole proprietors, independent contractors, tribal businesses, small agricultural cooperatives and other cooperatives, and employee owned businesses with no more than 500 employees, and businesses that otherwise meet the applicable SBA size standard, should be eligible for loans if they meet program requirements.

The deadline to receive EIDL loans is December 31, 2021. You can apply online [here](#).

## SHUTTERED VENUE OPERATORS GRANT PROGRAM (SVOG)

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Congress recently created SVOG to provide grants for businesses that need assistance due to COVID-19. SVOG grants are provided by SBA, which administers the program. The program was funded at \$15 billion.

**Eligibility:** Generally, live venue operators or promoters, theatrical producers, live performing arts organization operators, certain museum operators, zoos and aquariums, motion picture theater operators, and talent representatives should be eligible for SVOG grants if they meet program requirements.

SBA will begin to accept applications on April 8, 2021. More information about the program is available [here](#).

## RESTAURANT REVITALIZATION FUND (RRF)

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Congress also recently created RRF to provide grants for restaurants that need assistance due to COVID-19. RRF grants are provided by the SBA, which will administer the program. The program was funded at \$25 billion.

**Eligibility:** Generally, foodservice and drinking establishments that have experienced substantial revenue losses should be eligible for revitalization grants if they meet program requirements.

SBA has not started to accept applications, but more information will be available in the coming weeks.



# TAX PROVISIONS

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Congress has made several changes to federal tax provisions. The following summaries are intended to provide general information about key revisions to these provisions.

These summaries are not intended to be authoritative or exhaustive, or to supplant formal guidance from the Internal Revenue Service (IRS) or tax professionals. IRS continues to provide updated guidance about these provisions on its website at <http://www.irs.gov/coronavirus>.

For all tax-related matters, businesses should consult with tax professionals.

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**Employee Retention Tax Credit (ERTC):** Congress has extended the ERTC for businesses and other entities that have experienced mandatory closures or economic hardship due to COVID-19. The credit is available to businesses, nonprofits, and certain other employers whose operations have been fully or partially suspended due to government orders limiting commerce, travel, or group meetings, or who have experienced substantial revenue declines during the calendar quarter.

Starting January 1, 2021, the credit rate was increased to 70 percent of qualified wages paid by eligible employers to certain employees during COVID-19. The credit was also expanded to reduce the required year-over-year quarterly revenue declines to 20 percent. Businesses with 500 or fewer full-time employees are able to claim all wages paid to employees regardless of whether employees are furloughed. The credit is provided for wages and compensation, including health benefits, up to \$10,000 per employee per quarter, and is available to employers through June 30, 2021.

**Paid Sick and Family Leave Tax Credit:** Congress has extended the refundable payroll tax credit for paid sick and family leave, enacted in the Families First Coronavirus Response Act (FFCRA), through March 31, 2021. Employers who elect to provide paid leave may receive the payroll tax credit for such leave. More information is available on the IRS website.

**Employer Payroll Taxes:** Congress previously allowed taxpayers to defer paying the employer portion of certain payroll taxes through December 31, 2020, with all deferred amounts due in two equal installments—one at the end of 2021, and the other at the end of 2022. Payroll taxes that can be deferred include the employer portion of Federal Insurance Contributions Act (FICA) taxes, the employer and employee representative portion of the Railroad Retirement taxes (that are attributable to the employer FICA rate), and half of Self-Employed Contributions Act (SECA) tax liability.

**PPP Loans:** Congress has clarified that loans forgiven through PPP will not be included in taxable income, and that otherwise allowable deductions are allowed for expenses paid with proceeds of a forgiven PPP loan. The same tax treatment also applies to EIDL grants, grants for shuttered venues, and certain other loan repayment assistance programs.