



Information on Federal Tax Credits and Small Business Loans

Dear WANADA Members,

As we have mentioned earlier, the [CARES Act](#) provides a number of resources for small businesses impacted by the COVID-19 pandemic. It is vitally important, however, that you familiarize yourself with *all* of the relevant programs provided through this relief bill, given that taking advantage of certain provisions may impact your qualifications for other components.

We want to make sure you are aware of [the consolidated IRS Form 7200](#) that employers can use to apply for advance payments credits that are now available through the CARES Act and the [Families First Coronavirus Response Act](#). The FFCRA [greatly expands eligibility](#) for paid sick and family medical leave through the rest of 2020.

Employee Retention Tax Credit and Paid Sick Leave Funding

The Internal Revenue Service [has provided guidance](#) related to the Employee Retention Tax Credit available in the CARES Act. Please check out the [Treasury Department's guidance](#) as well, and also [a very helpful Q&A section](#) produced by Sen. Ron Wyden's office.

In general, the tax credit is available to employers (except tax-exempt organizations) who have suffered more than a 50 percent decline in revenue in a given fiscal quarter compared to the same quarter in 2019. It provides up to \$5,000 in credit for wages paid between March 12, 2020 and January 1, 2021.

Our interpretation of these guidance documents is that, if you take a Small Business Interruption Loan available through the [Paycheck Protection Program](#), we believe that you are **not** also eligible for the Employee Retention Tax Credit. Our view on the tax credit is that it was built into the law to be a safety valve for particularly hurting businesses who, for one reason or another, either do not [qualify for the SBA 7\(a\) Loans](#), or in case the loan fund money dries up before they can file a claim.

The [IRS Form 7200](#) can also be used to apply for advance payments related to employees who take advantage of the paid sick and family medical leave provisions of the FFCRA. The FFCRA benefits are available to employees of businesses with 500 or fewer employees, with certain exceptions. [Please review the IRS guidance related to these provisions before you make any decisions related to this credit](#), and do so quickly, because this provision took effect beginning yesterday.

Paycheck Protection Program

The \$367 billion fund for small businesses will reportedly begin disbursing [forgivable loans](#) as early as tomorrow; however, there has been limited guidance from the executive branch about specifics. [Please click here](#) to view a sample loan application form from the SBA.

With that said, encourage you to read both the extremely useful [U.S. Senate guidance on the program](#), produced by Sen. Marco Rubio's office, and also the [slides from NADA's presentation](#) yesterday about the program. Our friends at the Arent Fox law firm have also produced [a useful guide to the PPP](#) for small businesses.

As we have mentioned previously, auto dealer franchisees with more than 500 employees spread across multiple dealerships will be able to qualify for these SBA loans once their OEMs have secured a Franchise Identification Number. [Please click here to view the most up-to-date list that we currently have of Franchise IDs for OEMs](#). NADA is working tirelessly with the SBA to get the remaining OEMs to be incorporated into the federal system, and we applaud their efforts in doing so.

Summary

Given that the federal government is spending trillions of dollars in rescue and stimulus funding, these provisions, while invaluable for countless small businesses, can feel overwhelming in their own right. Every small business has their own considerations to make at this time, and we encourage you to be as informed as possible before deciding what credits or funds to try and claim from the government.

At the same time, none of this funding is limitless, so please educate yourself expeditiously. You can always contact myself or Joe Koch (jk@wanada.org) at any time if you are in need of guidance. We will do all we can to help you make sense of all these different programs, plus additional benefits that may be available from your state and local governments. You can also view our [COVID-19 information library](#), which also includes a [full archive of our membership communications](#) throughout this crisis.

Similarly, please contact Ed Mullaney (em@wanada.org) or Connie Ryan (cr@wanada.org) if you have any questions about your WANADA-provided insurance or benefits programs.

Thank you for all you do to serve your employees and customers during this difficult period. We will continue doing everything we can to help you make sense every aspect of the COVID-19 pandemic, and we appreciate your time.

Sincerely,



John O'Donnell
WANADA President and CEO
jod@wanada.org

WANADA, 5301 Wisconsin Avenue NW, Suite 210, Washington, DC 20015

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