
TAX ALERT – MARCH 20, 2020

Covid 19: Small Business Relief

If you have suffered substantial economic injury and are one of the following types of businesses located in a [declared disaster area](#), you may be eligible for an SBA Economic Injury Disaster Loan (EIDL):

- Small Business
- Small agricultural cooperative
- Most private nonprofit organizations

Small Business Definition

Businesses of any size that experienced economic damage from a disaster can apply for funding from the SBA to borrow up to \$2 million. The SBA considers economic damage to include extended closures and a reduction in business traffic.

Loan Amounts and Use

Substantial economic injury means the business is unable to meet its obligations and to pay its ordinary and necessary operating expenses. EIDLs provide the necessary working capital to help small businesses survive until normal operations resume after a disaster.

The SBA can provide up to \$2 million to help meet financial obligations and operating expenses that could have been met had the disaster not occurred. Your loan amount will be based on your actual economic injury and your company's financial needs, regardless of whether the business suffered any property damage.

Eligibility and Terms

The interest rate on EIDLs will not exceed 4 percent per year. The term of these loans will not exceed 30 years. The repayment term will be determined by your ability to repay the loan.

EIDL assistance is available only to small businesses when SBA determines they are unable to obtain credit elsewhere.

How to Apply

You can [apply online for an SBA disaster assistance loan](#). **Please make sure to select Economic Injury for loan type.** Forms included in a business disaster loan application package include:

- Disaster business loan application: Business information such as location, ownership, loss estimates, and organization type on [SBA Form 5](#).
- Personal financial statement: Personal assets of all business owners over 20%, including assets, liabilities, income sources, bank balances, tax information, and insurance on [SBA Form 413](#).
- Tax information authorization: Authorization for the release of tax information to the SBA on [IRS Form 4506-T](#).
- Schedule of liabilities: List of outstanding debts and business liabilities on [SBA Form 2202](#).
- Additional filing requirements for EIDL: Business monthly sales and expenses leading up to and during the declared disaster timeframe on [SBA Form 1368](#).
- Fact sheet: Details about the disaster declaration, including filing dates, affected areas, interest rates, and other information.

For additional information, please contact the SBA disaster assistance customer service center. Call 1-800-659-2955 (TTY: 1-800-877-8339) or e-mail disastercustomerservice@sba.gov.