



AMERICAN COLLEGE OF GASTROENTEROLOGY

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On April 23, Congress passed legislation providing an additional \$310 billion and an additional \$10 billion for Emergency EIDL Grants (totaling \$321 when rounding) of funding for the Paycheck Protection Program, after the initial \$349 billion was quickly depleted. This program was created in the CARES Act, but the \$349 billion authorized for small businesses was quickly exhausted. Funds can also be used to pay interest on mortgages, rent, and utilities.

Some basics, as [outlined](#) by the U.S. Treasury Dept.

Click [here](#) for the fact sheet.

All Small Businesses Eligible

Small businesses with 500 or fewer employees—including nonprofits, veterans organizations, tribal concerns, self-employed individuals, sole proprietorships, and independent contractors— are eligible.

When to Apply

NOW- DO NOT WAIT. Small businesses and sole proprietorships can apply, and now Independent contractors and self-employed individuals can apply. [Congress capped this funding authorization at \\$321billion.](#)

How can I show that my GI practice has been impacted by COVID-19?

This will depend on the unique circumstances of each individual practice. However, you can demonstrate the impact to your practice by citing government mandates to cancel all non-essential and non-emergency procedures.

On March 18, the Centers for Medicare & Medicaid Services (CMS) [announced](#) that all elective surgeries, non-essential medical procedures be delayed during the COVID-19 outbreak. This announcement specifically included common GI procedures, such as upper endoscopy and colonoscopy. [CMS](#) and [President Trump](#) have since released guidance on reopening the economy, including the relaxing restrictions on non-essential procedures. However, states and localities must first meet certain “gating criteria” before waiving these restrictions on elective/non-emergent procedures.

Some states have also ordered the cancelation of all elective procedures, a mandate that disproportionately effects endoscopy and surgical centers.

How large can the loan be?

That amount is subject to a \$10 million cap. If you are a seasonal or new business, you will use different applicable time periods for your calculation. Payroll costs will be capped at \$100,000 annualized for each employee.

Key Factor to Remember

What you use to calculate the loan amount (payroll costs) is different from what you can use your loan for (payroll, pay interest on mortgages, rent, and utilities).

Calculating Your Payroll Costs

Maximum loan amount = 2.5 x Average total monthly payroll costs incurred during the year prior to the loan date.

For businesses not operational in 2019: 2.5 x Average total monthly payroll costs incurred for January and February 2020

Payroll Costs For Employers: The sum of payments of any compensation with respect to employees that is a:

- salary, wage, commission, or similar compensation;
- payment of cash tip or equivalent;
- payment for vacation, parental, family, medical, or sick leave
- allowance for dismissal or separation
- payment required for the provisions of group health care benefits, including insurance premiums
- payment of any retirement benefit
- payment of state or local tax assessed on the compensation of the employee

Payroll Costs for Sole Proprietors, Independent Contractors, and Self-Employed Individuals: The sum of payments of any compensation to or:

- income of a sole proprietor or independent contractor that is a wage, commission, income, net earnings from self-employment, or
- similar compensation and that is in an amount that is not more than \$100,000 in one year, as pro-rated for the covered period.

What is excluded from Payroll Costs?

- Compensation of an individual employee in excess of an annual salary of \$100,000, as prorated for the period February 15, to June 30, 2020
- Payroll taxes, railroad retirement taxes, and income taxes
- Any compensation of an employee whose principal place of residence is outside of the United States
- Qualified sick leave wages for which a credit is allowed under section 7001 of the Families First Coronavirus Response Act (Public Law 116–5 127); or qualified family leave wages for which a credit is allowed under section 7003 of the Families First Coronavirus Response Act

Loan Information

This loan has a maturity of 2 years and an interest rate of .5%.

The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities. Payroll costs are capped at \$100,000 on an annualized basis for each employee. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll

What counts as payroll costs? Click [here](#).

Loan payments will also be deferred for six months. No collateral or personal guarantees are required. Neither the government nor lenders will charge small businesses any fees.

Loan Forgiveness

Borrowers are eligible to have their loans forgiven. The loan forgiveness cannot exceed the principal.

A borrower is eligible for loan forgiveness equal to the amount the borrower spent on the following items during the 8-week period beginning on the date of the origination of the loan:

- Payroll costs (using the same definition of payroll costs used to determine loan eligibility)
- Interest on the mortgage obligation incurred in the ordinary course of business
- Rent on a leasing agreement
- Payments on utilities (electricity, gas, water, transportation, telephone, or internet)
- For borrowers with tipped employees, additional wages paid to those employees

Must Keep Employees on the Payroll—or Rehire Quickly

According to the Treasury Dept., due to likely high subscription, at least 75% of the forgiven amount must have been used for payroll. Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.

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How to Apply

You can apply through any existing SBA 7(a) lender that is participating. **Important note-- You should consult with your local lender as to whether it is participating, and if not, who does your local bank recommend.** Other regulated lenders will be available to make these loans once they are approved and enrolled in the program. All loans will have the same terms regardless of lender or borrower.

Click [here](#) for the application form. *This application is to be submitted to your SBA participating lender.*

Click [here](#) for SBA guidance on participating lenders in your state.

Click [here](#) to search for your local SBA office and for participating lenders.

What other documents will I need to include in my application?

Call your accountant as soon as possible. You may need to provide your lender with:

- 2019 Business Tax Returns or Year End Financial Statements (as of 12/31/19)
- 2019 Payroll Cost and YTD Payroll Cost (through February 15, 2020)
- Number of employees (as of December 31, 2019)
- Number of employees (as of February 15, 2020)

Other information:

- IRS Form 940 Employers Annual Federal Unemployment Tax Return (FUTA)

- IRS Form 941 Employer's QUARTERLY Federal Tax Return
- Payroll Summary Report 2019 with corresponding bank statements
- W2 Summary
- 1099 Summary
- Breakdown of payroll benefits (vacation, allowance for dismissal, group healthcare benefits, retirement benefits, etc.)
- Copy of 2019 1099s (if Independent Contractor)
- Copy of 2019 W2s for wage earners
- Trailing twelve-month profit and loss statement (as of the date of application) for all applicants

Do I need to first look for other funds before applying to this program?

No. The government is waiving the usual SBA requirement that you try to obtain some or all of the loan funds from other sources (i.e., the "Credit Elsewhere" requirement).

How long will this program last? Although the program is open until June 30, 2020, the Treasury Dept. encourages you to apply as quickly as you can because there is a funding cap and lenders need time to process your loan.

How many loans can I take out under this program?

Only one.

Does participation in this loan program preclude me from applying and receiving any other loans?

No. While you are only eligible for one Paycheck Protection Program Loan you are still eligible for other loans.

What if I have a minority ownership interest in a surgical center?

You are required to disclose this on the application form, and you may want to check with your lender. Of note, however:

- lenders are not able to look for or consider that the borrower sought and was unable to obtain credit elsewhere.
- A personal guarantee is not required for the loan.
- No collateral is required for the loan

Interested in the lender rules and fees?

Click [here](#)