



EIDL Advance Q&A

The latest stimulus bill, which was signed into law on December 27, 2020, includes \$20 billion for an Economic Injury Disaster Loan (EIDL) Advance, targeted towards certain small business owners who missed out on the full benefit the first time around. Passage of the bill gives some small business owners a second chance at an EIDL Advance of up to \$10,000. But based on the wording of the new law, not all small businesses will qualify for a new EIDL Advance. There are also some changes that affect EIDL Advances that were issued last year. Here are answers to some of the questions you might have, regarding the EIDL Advance, based on the latest stimulus bill.

What is the EIDL Advance?

The EIDL Advance is a grant program created by the CARES Act that allows business owners to receive a cash advance of \$1,000 per employee, up to \$10,000.

Is the EIDL Advance a grant I do not repay?

That is correct. The latest stimulus bill makes it clear that it is a grant that does not need to be repaid, even if you received a PPP loan that will be forgiven.

But the CARES Act stated that any EIDL Advance received would reduce PPP Loan forgiveness, essentially requiring the Advance to be repaid. Has that changed?

Yes, that has changed. The latest stimulus bill repeals this provision of the CARES Act. Therefore, the receipt of an EIDL Advance will have no impact on PPP loan forgiveness.

The EIDL Advance amount is required on all PPP loan forgiveness applications. Can we expect an update from SBA based on the latest stimulus bill?

You will no longer claim the EIDL Advance on PPP loan forgiveness applications. It is anticipated that SBA will provide new or updated PPP loan forgiveness applications soon.

That is a big change, especially for an FED that received the full \$10,000 EIDL Advance! What if an FED already applied for and received PPP loan forgiveness?

FEDs that have already applied for and received loan forgiveness presumably may now amend their application to request that the EIDL Advance not reduce their forgiveness amount and request repayment. It is anticipated that this point will be clarified soon by SBA.

What happened to the original funding for EIDL Advances with the CARES Act?

All available funds for the EIDL Advance were quickly allocated, and many small business owners were left out of the program when the original CARES Act funds were expended by the middle of 2020.

Will EIDL Advances become available soon?

With the passage of the latest stimulus bill, business owners who missed out on the first round of EIDL Advances or who did not qualify for the full \$10,000 may now have a second chance at receiving this funding.

Do all small businesses qualify for an EIDL Advance?

No, not all business owners will qualify for the EIDL Advance, due to targeted guidelines directed at getting cash in the hands of small business owners with the greatest need.

Who qualifies for the second round of EIDL Advances?

Business owners who are located in a “Low-Income Community” and suffered an “Economic Loss” of greater than 30 percent and employ no more than 300 employees are eligible.

How do I find out if my business is located in a “Low-Income Community”?

For purposes of the EIDL advance, a low-income community is one that meets the eligibility requirements of the “New Market Tax Credit”. There are online tools and maps available that you can use to see if your business falls within one of these census tracts.

How do I show that I had an “Economic Loss” of 30% or more?

To determine if you have an economic loss of 30 percent or more, you have to compare your gross receipts during an 8-week period, between March 2, 2020 and December 31, 2021, relative to a comparable 8-week period before March 2, 2020 or during 2019. For example, if your sales during October through November 2020 are more than 30% less than October through November 2019, due to the coronavirus, you would have sustained an economic loss.

What if I already received a partial EIDL Advance?

If you meet all the above requirements, but already received a partial EIDL Advance, then you may be eligible to receive additional funds for the difference between \$10,000 and the previous amount you received.

I already received the full \$10,000 EIDL Advance last year. Am I eligible for another EIDL Advance?

No. If you are a business owner who already received your full \$10,000 EIDL Advance then you are not eligible for additional EIDL Advance money.

Is the EIDL Advance tax deductible?

The new stimulus bill makes the EIDL Advance non-taxable and the expenses paid with such funds tax deductible.

Are these tax advantages applicable to an EIDL Advance that was received last year?

These changes are applicable for current and previous recipients of EIDL Advances.

Where Do I Obtain an EIDL Advance?

You must apply directly with the Small Business Administration (SBA) through their website. You will be asked various questions to determine if you qualify for the EIDL Advance.

Disclaimer: This information is based on our current understanding of the EIDL Advances contained in the latest stimulus bill of December 27, 2020. This information is subject to change by the SBA and possibly other governmental agencies. Although we make every effort to assure our information is current and accurate, you should not rely solely on this information for your financial decisions. You should always consult with your lawyer(s), accountant(s), financial advisor(s), and other professionals as you deem appropriate.