

Updated: April 3, 2020 5:00 a.m.

## AVAILABLE ASSISTANCE TO ORTHODOX PARISHES IN THE UNITED STATES

**CAUTION: PARISHES OR ORGANIZATIONS SEEKING FINANCIAL ASSISTANCE FROM THESE FEDERAL PROGRAMS MUST USE THE FEDERAL EMPLOYER IDENTIFICATION NUMBER (FEIN) OBTAINED IN THE NAME OF THE PARISH OR ORGANIZATION FROM THE INTERNAL REVENUE SERVICE. DO NOT USE A FEIN THAT IS ASSIGNED TO ANOTHER ORGANIZATION, DIOCESE OR ARCHDIOCESE. PLEASE VERIFY YOUR FEIN BEFORE PREPARING OR SUBMITTING AN APPLICATION FOR ASSISTANCE UNDER ANY COVID-19 FEDERAL ASSISTANCE PROGRAM.**

### SMALL BUSINESS ADMINISTRATION EMERGENCY LOAN COVID-19 ECONOMIC INJURY DISASTER LOAN APPLICATION

Parishes, depending on their size and financial resources, may consider applying for a Small Business Administration Express Loan for \$10,000. **While this program is identified as a loan, it is a cash advance grant without any obligation to repay the SBA.** The process is fast, streamlined, easy and can be completed on line at <https://covid19relief.sba.gov/#/>.

## CORONAVIRUS AID, RELIEF AND ECONOMIC SECURITY ACT (CARES ACT)

### CARES ACT SMALL BUSINESS LOANS Paycheck Protection Program (PPP) General Information

**Applications may be accepted on April 3, 2020 depending on U.S. Treasury Guideline Finalization. Check with your Parish or Organization's bank to determine if it is participating in the SBA Loan Program and when it will be accepting applications.**

- An Orthodox Parish qualifies for CARES Act Small Business Administration (SBA) loans as long as it has under 500 employees
  - This includes all employees: full-time, part-time, and any other status

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- Loans intended to cover payroll, independent contractor expense, interest on mortgages, rent, utilities and employee benefits expenses
- Loan amounts are equal to 250% of average total monthly payroll during the 1-year period before the loan is made
  - For example, if the Parish's monthly average payroll is \$30,000, it can receive a \$75,000 loan
- Loans are nonrecourse and no personal property guaranty or collateral (mortgage on real property or loan on personal property) is required
- Maximum loan term is 2 years at an interest rate of 1.0%
- Loan is forgivable as incentive to retain employees
- Parishes need to receive their governance documents to determine if parish, or diocese or hierarchical approval is necessary before applying for the SBA loan
- Special provisions for employee reductions and salary/wage reductions during the covered periods

### **Borrowing**

- Loans are not to exceed \$10 million
- Loans are forgivable equal to the amount that the Parish spends the 8 weeks following the receipt of the loan on:
  - Certain payroll expenses (salaries are capped at \$100,000)
  - Parish paid health insurance expenses
  - Parish payments to pension or retirement plans
  - Life/Disability Insurance
  - Workers Compensation
  - Interest payments on mortgages incurred before 2/15/20
  - Rent on leases executed before 2/15/20
  - Utilities for services initiated before 2/15/20
  - Compensation to independent contractors and sole proprietors
- Parishes can calculate their monthly average payroll costs by:
  - The sum of included payroll costs, minus the sum of excluded payroll costs, equals payroll costs
- Payroll costs that are included are 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 that are excluded are:
  - Compensation of an individual employee in excess of an annual salary of \$100,000, as prorated for the period of 2/15/20 to 6/30/20;
  - **Payroll taxes and income taxes;**

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- 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 Family First Coronavirus Response Act, or qualified family leave wages for which a credit is allowed under Section 7003 of the Families First Coronavirus Response Act

### **Impact**

- If the Parish retains its employees for 8 weeks after the loan and spends more than the loan on payroll, benefits, interest on a mortgage, rent or utilities, the **ENTIRE LOAN IS FORGIVEN.**
- The Parish makes a good faith certification that:
  - The uncertainty of current economic conditions makes the loan request necessary to support ongoing operations
  - The Parish will use the loan proceeds to retain workers and maintain payroll or make mortgage, lease, and utility payments
  - Parish does not have an application pending for a loan duplicative of the purpose and amounts applied for here
  - From 2/15/20 to 12/31/20, the Parish has not received a loan duplicative of the purpose and amounts applied from here
- The is U.S. government subsidy designed to keep employees employed and paid

### **Reduction of Forgiveness**

- The amount of loan forgiveness is reduced if there is a reduction in the number of employees or a reduction or greater than 25% of wages paid to employees
- Reductions may be based on the reduction of number of employees or based on a reduction in salaries
- Reductions in employment or wages that occur during the period beginning on 2/15/2020 and ending 30 days after enactment of the CARES Act, shall not reduce the amount of loan forgiveness if by 6/30/20 the Parish eliminates the reduction in employees or reduction in wages

### **Action Steps**

- Contact your bank to see if they will be processing these SBA loans
- Contact your parish president, parish council, financial officer, accountant, and attorney
- Visit the SBA website at <https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources> for more information and application requirements
- Verify your Tax Identification Number (FEIN). You cannot use a FEIN that belongs to your Diocese or other organization
- Parishes should contact their payroll services provider to ensure that they are implementing these benefits on behalf of the Parish
- Document that you meet the cessation of operations provisions due to state mandated orders to be able to claim the employee retention credit

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### **When can Parishes apply?**

- Starting April 3, 2020 Parishes can apply for and receive loans to cover their payroll and other certain expenses through existing SBA lenders

### **PPP Small Business Administration Loan Application, Required Document Checklist**

- 2019 IRS Quarterly 940, 941, or 944 payroll tax reports
- Payroll reports for a twelve-month period (ending on your most recent payroll date), which will show the following information:
  - Gross wages for each employee, including officer(s) if paid W-2 wages
  - Paid time off for each employee
  - Vacation pay for each employee
  - Family medical leave pay for each employee
  - State and local taxes assessed on an employee's compensation
- Form 1099's for independent contractors for 2019
- Document showing total of all health insurance premiums paid by the Parish under a group health plan
  - Include all employees
- Documents of all retirement plan funding that was paid by the Parish (do not include funding that came from employees of their paycheck deferral)
  - Include all employees and the company owners
  - Include 401K plans, Simple IRA, SEP IRA's

## **CARES ACT PAYROLL RELATED BENEFITS**

### **Additional PPP Information & Benefits**

- Orthodox Parishes qualify for forgivable SBA small business loans
- Payroll tax deferrals
- Employee retention credit against employment taxes
- Unemployment insurance benefits
- Stewardship or member charitable contributions receive tax incentives

### **Employee Retention Credit (In addition to the Loan Program)**

- Parishes are entitled to a credit of 50% of wages paid to employees who are not working due to a full or partial cessation of operations or a significant decline in revenues (greater than 50% reduction of a year over year basis).
- The credit is limited to \$10,000 in wages (maximum of \$5,000 credit) per employee and applies to wages paid after March 12, 2020 and before January 1, 2021

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### **Unemployment Insurance**

- Parishes that pay unemployment insurance may be eligible to receive half of the costs they incur through December 31, 2020 (varies by state)
- Clergy and other employees are eligible for unemployment benefits

### **Payroll Tax Deferral**

- Payroll taxes from the date of the CARES Act (3/27/20) to 12/31/20 are deferred
  - All payroll taxes incurred by Parishes and 50% of payroll taxes incurred for self-employed such as Clergy qualify for the deferral
  - Half of the deferred taxes are due on December 31, 2021 and half are due on December 31, 2022

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## **CARES ACT CHARITABLE CONTRIBUTIONS TAX INCENTIVES**

### **Stewardship Incentives**

- There are added incentives to make charitable contributions in 2020
- Up to \$300 in charitable contributions are tax deductible even if the individual does not itemize deductions on their tax return
- Individuals that claim itemized deductions can now claim unlimited deductions for a charitable contribution

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