



# **CARES Act**

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## **Resource Guide for Body Shops And Other Small Businesses**



## **Our family is thinking about your family.**

As the nation struggles with the COVID-19 crisis, many body shops and other small businesses may need to lean on the federal government for assistance. For decades, the collision repair market has thrived through the efforts of dedicated local owner/operators who manage efficiently and profitably. Small businesses such as body shops are at the heart of a robust local community.

The government's historic CARES Act coronavirus aid package provides \$349 billion for the Small Business Administration (SBA) to guarantee loans to small businesses hit hard by virus-related losses or complete shutdowns.

Industrial Finishes is here to help. Our team understands the body shop business and are available to answer questions as you consider the impact that federal assistance may have on your business. We're happy to respond over E-mail, phone, or virtual meeting. (We will provide a link and instructions)

**Call 800-531-1305**  
**or email [info@industrialfinishes.com](mailto:info@industrialfinishes.com)**





## Here are the key points you need to know:

**1** The CARES Act includes over \$350 billion in low interest, small business loans with potential to be partially forgiven.

**2** Tax rebate payments of as much as \$1,200 for individual taxpayers and \$500 per child are available, phased out when AGI exceeds \$75,000 for individuals and \$150,000 for couples filing jointly.

**3** \$500 billion are available for the Treasury Department's Exchange Stabilization Fund for loans and assistance to distressed companies and state and municipalities in 2020.

**4** An additional \$600 per week for up to four months is available for those receiving unemployment benefits.

**5** \$150 billion is available for aid to state, local, and tribal governments.

### **What loan funding is available?**

The Small Business Association (SBA) has provided loan guarantees making it possible for banks to provide small business loans at reasonable interest rates. Other provisions in the act will also allow for certain deductions/credits to your debt, further reducing the economic impact on your business.

### **Is my body shop eligible for a loan?**

Small businesses fewer than 500 employees are generally eligible, so most body shops should qualify. Shops need to have been in business as of Feb. 15, 2020, and paid employee salaries and payroll taxes.

### **What are the qualifying credit requirements?**

It is thought that credit requirements will be significantly relaxed, historically speaking. Body shops will need to provide proof of payroll costs. The SBA is expected to release detailed guidelines soon on credit requirements and application criteria.

### **What assistance is available?**

The Small Business Association's 7(a) program makes \$350 Billion available for businesses to take advantage of. In addition to these funds, there are also various expenses that will be forgiven, as well as tax credits. Payroll tax deferments are also made available when businesses do not take advantage of the loan forgiveness provisions. All provisions are intended to help reduce the financial burden of maintaining business continuity during the COVID crisis.

### **What can the loans be used for?**

Loans will be made immediately available through more than 800 existing SBA-certified lenders, including banks and credit unions. Additional lenders will be brought into the program.

#### **Qualified Expenses include:**

- Salary and wages up to annual rate \$100,000; health care benefits, commissions, or similar compensation.
- Mortgage interest payments
- Rents
- Utilities
- Interest on other debt obligations incurred prior to February 15, 2020

#### **Loan forgiveness is available for costs incurred during the eight-weeks following your loan origination date. Qualifying loan forgiveness costs (when payroll costs are maintained):**

- Payroll cost (Forgiveness subject to possible reduction when an employee's compensation reduces by 25%, or if there is a reduction in employee headcount made during the eight-week period)
- Mortgage or debt interest
- Rents
- Utilities

**Note: Loans are to be set with an interest rate not to exceed 4%.**

## **How much money can I apply for and how long will it take to get the money?**

Qualifying shops qualify for loan amounts based on a formula based on a shop's past payroll expenses. Payments may be deferred for six months to a year. The government is implementing expanded payment systems and more information on fund dispersal is expected soon.

## **It's important for me and my local community to keep employees working as much as possible.**

Body shops provide a quality livelihood for many of our family, friends and neighbors. Fortunately, the bill creates a "paycheck protection program" for small businesses. The "Paycheck Protection Program" would provide 8 weeks of cash-flow assistance through guaranteed loans to small businesses who maintain their payroll during the crisis. If payroll is maintained, the portion of the loans used for covering payroll costs, interest on mortgage obligations, rent, and utilities would be forgiven.

## **How do I apply?**

Contact your bank or lender directly to apply for the small business loans available through the Small Business Association (SBA). The government is expanding the rules surrounding FDIC-insured banks and SBA loans. Your bank funds the loan; the SBA guarantees the loan. Start with your local lending institution or visit <https://covid19relief.sba.gov>

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