1. Is the HEALS Act Good for Small Businesses? | Everything You Need to Know - YouTube

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Transcript:

 hey what's up everybody it's brennan from bench back with another exciting update this time i'm going to be talking about the heels act because the republicans introduced this bill on monday july 27th and while it's considered the heels act as a singular bill it's actually made up of multiple bills and provisions addressing different needs that arose due to the pandemic now three of these bills are actually going to be directly affecting small businesses the first is the continuing small business

 recovery and paycheck protection program act there's the american workers families and employers assistance act and supporting america's restaurant workers act probably realized that none of these really have a good acronym to work off of so i'm going to save all my breath for saying these titles in full as we digest them before we dig into this it's important to remember that this is just a proposed bill and it is still being debated none of this is official some of the details are still vague and we do not

 suggest taking any action assuming that this will be made into law as we were reporting on it in fact there isn't even a timeline on when this could potentially be passed so just keep that in mind now that it is in mind let's get into digesting this hefty bill now as i mentioned before there's actually multiple bills that are under this umbrella of the heels act i'm going to focus on three components of it that pertain to small businesses the first i want to go into is the continuing small business recovery and paycheck

 protection program act the paycheck protection program is going to get a second round previous recipients are going to have the opportunity to apply for a second time so long as they meet the new eligibility requirements the employee account is going to be stricter now limited at 300 employees and they must demonstrate a 50 reduction in gross revenues in the first or second quarter of 2020 relative to the same quarter in 2019 as i mentioned before there is still a lot of ambiguity around these terms and this is one of those cases where

 that ambiguity comes into play because we don't know how they're going to be asking people to prove that reduction in revenues based on the previous year now some of these funds are going to be restricted for businesses that have fewer than 10 employees and similarly to what they did in that second round of ppp funding they're going to allocate a certain amount of this funding to community lenders to try and make sure it gets into the smaller community businesses they're also going to be some changes that pertain to both current ppp

 loans and future ppp loans while the 60 40 rule is still in place the non-payable costs are going to be expanded to include new operational expenses operations expenses such as business software or cloud computing services that pertain to payroll accounting or hr just to name a couple of examples are going to be forgivable expenses property damage expenses stemming from vandalism or looting from 2020 events will also be covered cost of supplies if that contract was in place prior to february 15 2020 which is defined as what's

 essential to business operations we're expecting to see further guidance if this bill is passed will be an eligible expense for forgiveness and finally worker protection expenses such as equipment and renovations to comply with safety guidelines as described by the cdc or another governing body will be a forgivable expense as well so you now have more opportunities to use those loan funds on forgivable expenses the application for forgiveness as well will also be easier loans under 150 000 will require no supporting documents

 instead they will be required to sign a document saying that they use the funds as outlined in the terms and conditions in good faith if your loan amount was between 150 000 and 2 million dollars you will still have to complete the forgiveness application in full and provide it to the lender for review however again no supporting documentation will have to be provided finally the last portion of the csb rapppp act again such a mouthful that pertains to small businesses is going to be additional funding towards the sba's 7a loan program

 which sounds to be like they're going to be introducing a new loan focusing on seasonal businesses or businesses that are based in and operating in low income areas there's going to be a similar requirement to the second round of ppp funding which is that you're going to have to prove that fifty percent drop in revenue which again we don't have any clarity on how they're going to define that yet the loan as it stands today would be a 20 year term with a one percent interest rate and payments would be deferred for at

 least two years however seasonal businesses would be limited at a one million dollar amount loans can be used for operational costs including acquisition of capital and the refinancing of previous debt which makes this significantly more lenient and beneficial than the eidl the second act i want to talk about is the american workers families and employers assistance act the biggest update here is that the pandemic unemployment assistance would be extended to october 5th 2020.

 however as the bill stands today the additional 600 a week would be reduced to 200 a week a second round of stimulus checks would also be distributed again set at twelve hundred dollars and the employee retention tax credit would be increased from fifty percent to sixty five percent a tax credit would be introduced for businesses hiring employees that were previously qualified covet 19 unemployment recipients that would be for 50 of the first 10 000 in wages in the first year of employment so as you can tell from that tax credit in the reduction in the pua bonus of

 600 to 200 they're trying to make it more feasible for places to rehire and have more financial incentive for employees to return to work finally a tax credit on payroll taxes to cover covet testing the purchases of protective equipment and cleaning supplies would be introduced the amount would be based on headcount and self-employed individuals would be eligible for this credit as well however since they don't have payroll tax it would be imposed on their self-employment taxes a provision would also be introduced

 that would allow companies to provide financial assistance and healthcare benefits to their contractors without having to convert them to employees the last act that affects small businesses is the supporting america's restaurant workers act and the small change is that business meal deductions will be increased from 50 to 100 for meals paid or incurred before january 1st 2021.

 of course all this information is incredibly important but what comes next simply put now we wait these bills are going to be debated and picked apart especially with the election coming up as we expect to see this being fought hard over as both parties try to make a statement of support to their voting demographic through this bill we've noticed that the democrats are trying to make more individual based relief whereas the republicans are focusing more on business-based relief there is bipartisan support around the ppp replenishing however there's debate around the

 additional options that would be included in this act for instance the democrats are pushing for more grant programs as opposed to loan relief so we're going to keep our eyes peeled for any updates and make sure to pass them on whether it be right here through our youtube channel or through twitter follow us on twitter where we're gonna be trying to break this information as soon as it happens whether it's sharing news stories providing updates on the bill anything that we think is important for you to

 know about as always thank you so much for joining us and stay tuned for more updates as they arise