CORONAVIRUS RELIEF MEASURES for Nonprofits With No Employees

EIDL:
Most of the recent Coronavirus relief measures address employers, but your nonprofit may qualify for the EIDL – the Economic Injury Disaster Loan (EIDL) is a very low-interest loan to redress substantial economic injury sustained by COVID-19.

- **CRITERIA:** The organization was in operation on January 31, 2020 and is unable to meet financial obligations and cover operating expenses which could have been met had the disaster not occurred (self-certify under penalty of perjury). The lender will evaluate applicants’ credit score or use a similar method to determine applicants’ ability to repay.
- **2.75% interest rate for nonprofits**
- **Loans of up to $2M with long-term repayment (max 30 years) and loan repayment deferred for up to 4 years.**
- **Used for payroll, paying fixed debts, accounts payable and other bills that can’t be paid because of the disaster's impact.**
- **This loan is open to small businesses, small agricultural cooperatives, small businesses engaged in aquaculture, and most non-governmental nonprofits (if you have a letter from the IRS recognizing tax exemption under sections 501(c), (d), or (e) of the Internal Revenue Code; or if you have MD documentation as a nonprofit). Individuals operating as a sole proprietor or independent contractor between January 31, 2020 and December 31, 2020 are also eligible for EIDL.**
- **No personal guarantee is required for loans up to $200k; applicant need not demonstrate that it is unable to obtain credit elsewhere (unlike traditional SBA 7(b) loans). Collateral is likely required for loans over $25k (UCC lien against assets of the business).**
- **NOTE: A $10k advance on the loan may be available upon request as an emergency grant within three days to eligible nonprofits who are waiting for the loan to come through (and this $10k is forgiven even if you are denied the loan). (The Treasury and SBA need to promulgate regulations to enact some of these provisions but supposed to be done within 15 days.)**

**Tax incentives for donors:**
Renew your efforts in asking for donations, as the CARES Act includes tax incentives for donors in 2020. This is a great time to encourage donations from anyone who can afford to give. The tax incentives to encourage charitable giving in 2020 are:
- **For individual taxpayers who take the standard deduction,** cash contributions of up to $300 made to public charities are eligible for a one-time, above-the-line deduction;
- **For taxpayers who itemize deductions,** the normal limits on deductions will be suspended for cash contributions to public charities in 2020 (deduct up to 100% instead of 60% of AGI);
- **For corporations,** the normal limits on deductions for contributions to public charities in 2020 are raised to 25% of taxable income (not 10%).

This fact sheet is for informational purposes only and shall not be construed as legal advice. Legal advice must be tailored to the specific circumstances of each case and laws are constantly changing. Organizations should seek the assistance of competent legal counsel for specific legal advice. To request legal assistance for a nonprofit in Maryland, contact Ingrid Hitchens at ingridh@communitylaw.org or download an Application for Legal Services at [http://communitylaw.org/apply-for-services/](http://communitylaw.org/apply-for-services/).