Q&A on commonly asked business and financial questions during coronavirus crisis

Q: What's being done to assist small business impacted by the virus?

A: Several billion dollars was included in the major stimulus bill enacted the last week of March to assist small businesses, but the ramifications were still being determined at press time.

Meanwhile, the U.S. Small Business Administration, acting on authority provided by the Coronavirus Preparedness and Response Supplemental Appropriations Act signed by the president on March 17, began making some assistance available. The governor's previous disaster declaration makes low-interest federal disaster loans for working capital to Illinois small businesses suffering substantial economic injury as a result of the coronavirus, SBA Administrator Jovita Carranza says. The SBA assistance is available in the entire state of Illinois and contiguous counties in Iowa, Indiana, Missouri and Wisconsin.

Q: How much assistance is available?

A: So far, small businesses, private non-profit organizations of any size, small agricultural cooperatives and small aquaculture enterprises that have been financially impacted as a direct result of the coronavirus since Jan. 31, 2020, may qualify for Economic Injury Disaster Loans of up to $2 million to help meet financial obligations and operating expenses which could have been met had the disaster not occurred, said Carranza.

Q: What can the money be used for?

A: The loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact. Disaster loans can provide vital economic assistance to small businesses to help overcome the temporary loss of revenue they are experiencing, Carranza said.

Q: What are the loan terms?

A: The interest rate is 3.75 percent for small businesses. The interest rate for private non-profit organizations is 2.75 percent. SBA offers loans with long-term repayments in order to keep payments affordable, up to a maximum of 30 years and are available to entities without the financial ability to offset the adverse impact without hardship.

Q: How do you apply?

A: Applicants may apply online, receive additional disaster assistance information and download applications at https://disasterloan.sba.gov/ela. Applicants may also call SBA's Customer Service Center at (800) 659-2955 or email disastercustomerservice@sba.gov for more information on SBA disaster assistance. Individuals who are deaf or hard-of-hearing may call (800) 877-8339. Completed applications should be mailed to U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.The deadline to apply for an Economic Injury Disaster Loan is Dec. 21, 2020. For more information about Coronavirus, visit Coronavirus.gov.

Q: How are banks affected by all this?

A: According to a joint statement from the Illinois Bankers Association, Community Bankers Association of Illinois and Illinois Credit Union League, the industry and its trade groups understand the importance of stable and uninterrupted delivery of important financial services, such as access to money and credit. Depository institutions throughout Illinois remain open for business. State and federal regulations require financial institutions to be prepared for situations like pandemics, with tested and proven business continuity plans and procedures that ensure they continue to serve communities through difficult times.

You may notice slight changes at your local bank, thrift, or credit union branch, such as drive-through only access, limited hours, or the need to schedule an appointment, but institutions still work to provide uninterrupted services. Many offer robust remote-access technologies, including mobile banking, telephone banking, and ATMs.

Q: Do banks have retail safety measures?

A: Yes, all state and federally chartered depository institutions maintain ample deposit insurance covering at least $250,000 per person to ensure the security of funds at all institutions, said Deborah Hagan, secretary, Illinois Department of Financial and Professional Regulation.

Q: Is the state doing anything about business taxes for bars and restaurants?

A: The governor directed the Department of Revenue to defer sales tax payments for more than 24,000 small- and medium-sized bars and restaurants — accounting for nearly 80 percent of all such entities statewide.

Under the directive, eating and drinking establishments that incurred less than $75,000 in sales tax liabilities last year will not be charged penalties or interest on payments due in March, April or May made late.

Penalties and interest will be automatically waived; however, qualified taxpayers must still file their sales tax return even if they are unable to make a payment. Any taxpayers taking advantage of this relief will be required to pay their sales tax liabilities due in March, April and May in four installments starting on May 20 and extending through Aug. 20. For more information, view IDOR's informational bulletin available at tax.illinois.gov.

Q: What happens if I'm laid off?

A. An individual temporarily laid off in this situation could qualify for benefits as long as he or she was able and available for and actively seeking work. Under emergency rules recently adopted by the Illinois Department of Employment Security, the individual would not have to register with the employment service. He or she would be considered to be actively seeking work as long as the individual was prepared to return to his or her job as soon the employer reopened.

Q. What is an essential workforce?

A. In Illinois, the particulars have been spelled out in a long executive order issued March 21 by the Pritzker administration, which you'll find at https://www2.illinois.gov/IISNews/21288-Gov._Pritzker_Stay_at_Home_Order.pdf

Q. How about my income taxes?

A. The president's March 13 emergency declaration instructs the Treasury secretary to provide relief to taxpayers affected by the coronavirus. Any person with a federal income tax return or federal income tax payment due April 15 — including an individual, trust, estate, partnership, association, company, or corporation — now has until July 15, 2020, to file. Gov. JB Pritzker has done the same in Illinois.

According to Scheffel and Boyle CPAs in Southwestern Illinois, the notice provides that there is no limitation on the amount of the payment that may be postponed. The relief is provided for income tax payments in respect of a taxpayer's 2019 tax year or federal estimated tax payments due April 15, for an affected taxpayer's 2020 tax year.

The extension provided in the notice applies only to federal income tax returns and federal income tax payments normally due April 15, 2020. Any interest, penalty, or addition to tax for failure to pay will not begin to accrue until July 16, 2020.

Q. Is anyone hiring?

A. Yes, depending on the industry, the hirings are substantial.

- The pizza business, including Domino's, Pizza Hut and Papa Johns, is planning to add 60,000 workers. Amazon was adding to its workforce in response to demands.
- Grocery companies, like Schnucks and Dierbergs, added substantially to the ranks. Bonuses and wage increases were also enacted in many cases.
- In response to strong demand in stores, Walmart is hiring 150,000 new associates through the end of May. Walmart plans to hire more than 4,300 associates in Missouri and more than 5,400 in Illinois to work in stores, clubs, distribution centers and fulfillment centers.
- Walgreens was giving out one-time bonuses for employees that stuck around.

Q. What are some things I can do to protect my individual finances?

A. This information is courtesy of Jim Maher, who owns Archford Capital Strategies in Swansea.

- Among other things, you can convert an IRA to a Roth IRA. Those investments should have time to recover inside a Roth IRA where that appreciation would be tax-free.
- You might also consider reducing the long-end of a bond ladder (and timing) since most long-term bonds have seen a jump in value. There are a lot of bonds being sold so pricing should be better in a couple months.
- Refinance your home or other debt – review the interest rate on your mortgage to see if it makes sense to refinance. I have a feeling many people are doing this right now so you may need to be patient with the lender.
- Consider accelerating the funding of retirement accounts (SEP, 401k, IRA) or Education Savings Plans.
- Preserve your cash if you owe until the IRS' extended filing date of July.
- Family Gifting. Don't give family members assets with a loss (better to sell the asset yourself so you can preserve the tax loss). If you are giving assets to family members when the market is down, then you can give more shares of the security.

EDITOR'S NOTE: The above details were current at press time, but subject to change.