

# CARES

## The Coronavirus Aid, Relief, and Economic Security Act

### 3 Benefits for Tax-Exempt 501(c)7 Clubs

#### Small Business Administration Loans

While 501(c)7 organizations are not currently eligible for the Paycheck Protection Program loans through the SBA, Section 277 clubs may qualify.

#### Economic Injury Disaster Loans (EIDL)

EIDL is available to all nonprofit organizations including 501(c)7 clubs. These low-interest loans are available up to \$2 million for working capital. The interest rate for nonprofit organizations is 2.75 percent and the terms can be stretched up to 30 years.

The Small Business Administration is **now accepting applications for these programs.**

*Both of these provisions will require guidance from the Department of Treasury and Internal Revenue Service. NCA will be sure to provide access to this guidance once it is available.*

#### Retention Credit

Clubs that were either partially or fully shut down due to government restrictions related to COVID-19 or saw a 50 percent reduction in gross receipts from the previous year may be eligible for an employee retention credit. The credit is refundable and can cover up to 50 percent of the first \$10,000 of wages paid per employee during an affected quarter throughout 2020. The credit is claimed on quarterly payroll tax returns and applies to wages paid after March 12, 2020 and before January 1, 2021.

#### Payroll Tax Delay

Employers may delay payments of the employer's portion of 2020 Social Security taxes, instead paying 50 percent by the end of 2021 and the remaining 50 percent by the end of 2022.

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