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How does working from home affect homeowners' insurance?

Businesses across the country have moved many of their professionals into work-from-home arrangements. That has led to some confusion as to who's liable and whose insurance will pay out in the case of injury or property damage.

Generally speaking, if your business has full-time employees who now work from home, your workplace coverage should extend to them at home. Your insurance would also cover any company property they use at home. It should include workers' compensation for injuries that happen to them while working, as well as liability coverage for injuries that happen to business-related guests on their property.

A business' insurance policy may also provide limited coverage if a worker's personal property is damaged while performing work-related tasks at home.

However, if you have workers whose status has changed during the pandemic, coverage needs might shift. For example, if you have a worker who is now categorized as an independent contractor, then they are functioning as a "business" and will need their own insurance to protect their home office, equipment and other "workplace" liabilities (e.g., if a customer has an injury while visiting their home). That would also be true for a worker who has added a sideline gig.

Even small sales jobs, such as representing a skin care line or selling candles, would likely be considered a home-based business. That



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means if customers come to an employee's house to pick up products, their homeowners' insurance would not pay for injuries that occur on their property.

Some insurance carriers may offer optional endorsements that can be added to a homeowners' policy to cover these risks.



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Forgiveness application available for smaller PPP loans

A simpler forgiveness application for Paycheck Protection Program loans of \$50,000 or less has



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been issued by the Small Business Administration (SBA).

The prior version of the application had more complex documentation requirements and required several calculations that have now been removed.

Instead of the calculations, the new form asks borrowers to confirm that the loan was used for eligible expenses and to provide

supporting documentation to prove that these expenses were paid.

The borrower must also certify on the application that the forgiveness amount falls within the SBA guidelines. Be aware that your forgiveness request could be audited by the SBA, and all business owners who have taken a PPP loan should keep their PPP records for six years.

For PPP loan borrowers, the original loan amounts were provided based on 2.5 months of the 2019 payroll for the business. However, since then, the period for when the funds could be used was changed from 8 weeks to 24 weeks. Given the extended length of time businesses had to spend the money, many small businesses that continued to operate or have reopened will find that their entire loan should be forgiven solely based on paying payroll costs.

Up to 40 percent of a business' PPP loan can also be used on other qualifying expenses, such as business mortgage payments, rent and utilities.

Based on the simplified requirements, a small business that used the full amount of its PPP loan proceeds to pay themselves (as the owner) or their employees can submit bank statements or cancelled checks as documentation of payments. A business owner may also include Quarterly Tax Form 941, but that is not required.

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Protecting your home-based business from legal claims

Many more people are creating home-based businesses or adding another gig to their repertoire these days.

But many of those entrepreneurs do not realize that the same legal requirements apply to them as to any other business. A business attorney can help you make sure your ducks are in a row.

Currently, the SBA has nearly 30 million small businesses on record and, believe it or not, most of them are home-based. That equates to nearly 50 percent of the U.S. economy.

Here is a look at some key actions for home-based businesses to take to ensure they are following the law:

Be sure to have any necessary licensing and insurance in place.

In some states, a home-based business must have a business license. Check with state or local entities that control your type of business to determine what you need.

For an e-commerce business — even if it is an Amazon, Etsy or eBay store — you might need a seller's license.

And even if you don't need a license, you will want to register with the state to collect or pay sales tax on

sales made within your state. Also, if you intend to hold a significant amount of inventory, check your local lease and zoning codes to ensure there are no bans on having the type of business you have in your home.

It's also critical to find out what type of insurance you need to protect you if something goes wrong, such as a customer being injured on your property or someone who ordered a product from you suing you as a result of an alleged defect.

Pay attention to what taxes you are required to pay.

If you become a home-based business owner, especially after working for a larger entity in the past, it can be difficult to shift to keeping track of your own tax obligations.

That's especially true because tax laws change regularly, and what applied to you last year might be different this year. There is no defense for not knowing the law, so it is advisable to speak to an attorney and an accountant.

Set up a legal entity for your business.

Home-based business owners often operate on

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Small businesses sued over ADA website compliance

Around 60 small businesses in Colorado have been sued by an out-of-state law firm over alleged violations of the Americans with Disabilities Act.

The businesses claim that the New Jersey-based law firm is targeting small-to-medium-sized businesses. The lawsuits claim that the businesses have websites that are not compliant with the ADA.

Blanchard Family Winery, which has both a brick-and-mortar location and a website, is one of the businesses named. A suit claims that a blind man was not able to access information he needed from their website.

Co-owner James Blanchard received notice of a suit with David Katt as the listed plaintiff. Katt is also the named plaintiff in other suits in the state.

These types of lawsuits are not uncommon, and many more companies are focusing on e-commerce as a result of the pandemic. The suits in Colorado serve as a reminder to businesses to check their websites to avoid landing in a similar situation. Consult with a business attorney to ensure that your business is in compliance.

Essentially, some courts have interpreted Title III of the ADA to include websites as “places of public accommodation.”

That means that a website with a significant number of elements that are not accessible may be found to discriminate against individuals with disabilities, and therefore be in violation of Title III of the ADA.

In addition to federal suits under the ADA, state lawsuits are also being filed under similar measures in California and New York.

While businesses with fewer than 15 employees are exempt from some claims under the ADA, there is no such exemption under Title III.



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One important thing to know is that there are no excuses you can put forth to absolve your business if it is guilty of an ADA violation, and that makes compliance especially critical.

What are the guidelines?

While there are currently no federal guidelines that define the web accessibility standards for private companies in the U.S., the Web Content Accessibility Guidelines 2.0 AA are regularly cited by courts that hear cases on this topic.

The WCAG 2.0 AA is part of a series of guidelines developed by the Web Accessibility Initiative of the World Wide Web Consortium, which is the main international standards organization for the internet.

The guidelines are quite comprehensive, including such requirements as providing text alternatives for non-text content, including captions for live video, and giving the option for text to be resized to 200% without loss of content or function, just to name a few. You can find complete, detailed checklists online.

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Protecting your home-based business from legal claims

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the fly and don't want to spend the money to set up a legal entity.

In some cases, that might be okay. But depending on the type of business you have, you might want to set up a limited liability company (LLC) or a corporation. Depending on the entity, you can better protect your personal assets should any claim arise

against the business.

If you have an online sales business, an LLC is likely to be the right choice. In other cases, such as for certain technology-based businesses, a corporation might be better.

Consult with a business attorney to determine what legal entity is right for your business and for help with setting it up.



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The amount of a business owner's own compensation that will be forgiven may not exceed \$20,833. If the business owner also received an Economic Injury Disaster Loan advance, the amount of that advance will be subtracted from this threshold to determine the cap for PPP loan forgiveness purposes.

It is important to be aware that the payroll costs eligible for forgiveness are based on gross pay. But a typical paycheck amount has already had FICA taxes, as well as state and federal tax withholding amounts, subtracted from it. In collecting the required documentation, remember that the eligible amount to be forgiven should also include the withheld amounts.

Also, certain small businesses with a loan amount of \$50,000 or less may not use the new simpler forgiveness application. That includes businesses that have reduced pay rates for workers by more than 25 percent or that now have fewer full-time employees than they did before the pandemic. Those businesses must use the standard PPP loan-forgiveness application, and the payroll costs that qualify for forgiveness

will be reduced based on the decrease in the number of full-time employees and any reductions in pay rate.

For small businesses with a PPP loan amount that exceeds \$50,000, the SBA has provided a PPP EZ Application.

For small businesses that have a PPP loan greater than \$50,000 but less than \$150,000, there might be a simplified loan forgiveness application coming. A bill pending in Congress at press time would create this option. However, it is unclear whether the measure will be enacted on its own or as part of a future stimulus measure.

In order to request PPP loan forgiveness, a business must submit its application to the bank or lender that originated the loan. The bank has 60 days to issue a decision. If the forgiveness application is approved, the bank will then submit the loan to the SBA.

The SBA has 90 days to review and approve the forgiveness application. Following approval, the SBA will pay off the PPP loan by issuing payment to the bank or lender.