

DE Relief Grants Expense Reporting – Frequently Asked Questions

Please note: the 2020 Federal Tax Return for your business is required to report expenses. You should only start your application to report expenses when you have your tax return document ready to upload.

If you have not received all of your grant funds yet or you have not spent them all yet, you do not need to report expenses until you have received and spent the funds.

General Questions

Question	Answer
What are DE Relief Grants?	The grants were provided in 2020 as a joint effort between the State and New Castle County to assist Delaware small businesses and nonprofits impacted by the COVID-19 pandemic. The funds for the program were provided through the federal CARES Act.
What are the requirements for a business that received a DE Relief Grant?	<p>All grants issued to for-profit businesses must be closed out by December 31, 2021. In order to close out the grant, a business must submit proof of all relevant expenditures along with federal tax returns for calendar year 2020 that show a revenue decrease relative to 2019. If the business does show a profit for the year but can show a 25% decrease in one quarter*, they are still eligible for forgiveness of the grant. Businesses in disproportionately impacted industries who opened after 1/1/19 do not need to show a decrease. The below industries are designated as disproportionately impacted:</p> <p>Businesses with NAICS code on their 2019 tax returns starting with the following sets of <i>two</i> numbers:</p> <ul style="list-style-type: none"> • 44 (Retail Trade) • 45 (Retail Trade) • 71 (Arts, Entertainment, & Recreation) • 72 (Food Services & Drinking Places)

	<p>Businesses with NAICS code on their 2019 tax returns starting with the following sets of <i>four</i> numbers:</p> <ul style="list-style-type: none"> • 4855 (Charter Bus Industry) • 6116 (Private Instruction) • 6212 (Offices of Dentists) • 6244 (Child Care Services) • 8121 (Personal Care Services) • 8129 (Other Personal Services) <p>If a business does not provide documentation for all eligible expenses or the business made purchases that were not eligible under the grant guidelines, the grant must be paid back to the state with interest applied.</p> <p>*Businesses who experienced a decrease in revenue must provide a certified letter from a CPA confirming this decrease.</p>
<p>When should the expenses be from?</p>	<p>For most expenses to be considered eligible, they must be incurred between April 1, 2020 and December 31, 2021.</p>
<p>Do I need to complete expense reporting even if I have not received or spent all of my grant funds yet?</p>	<p>No, you do not need to complete expense reporting unless you have already received and spent your DE Relief Grant funds. If you have not received the funds yet, please do not begin the expense reporting process. You will be notified after you receive your funds with a date when you will be required to report expenses.</p>
<p>What can I do to prepare to submit my expenses?</p>	<p>Gather the following documents, which you will need to submit as part of your expense reporting:</p> <ul style="list-style-type: none"> • 2020 federal tax return for your business. This is required to report expenses. You should only start your application to report expenses when you have your tax return document ready to upload. • Documentation for qualifying expenses <ul style="list-style-type: none"> ○ Acceptable forms of documentation include but are not limited to: <ul style="list-style-type: none"> ▪ Receipts ▪ Invoices

	<ul style="list-style-type: none"> ▪ Cancelled checks <p>The receipts and other documentation that you upload must equal the original grant amount your business was approved for as well as any bonus amount you received. (For example, if your company was approved for \$100 for the original grant and you were approved for a \$10 bonus, your receipts must total \$110.)</p>
<p>What is the deadline for submitting expenses?</p>	<p>All expense reports must be submitted no later than December 31, 2021.</p>
<p>What are eligible expenses that the grant could be used for?</p>	<p>All businesses who received a DE Relief Grant should refer to their grant agreement for a full listing of expenses they were approved for under the grant. Exhibit A of the grant agreement outlines approved expenses for each business.</p> <p>An eligible expense is an expense the business incurred due to COVID-19 that it would not have expected to incur during the regular course of business. An eligible expense must fall under one of the following categories:</p> <ul style="list-style-type: none"> • Equipment Expense • Technology Expense • Refinancing Expense • Advertising Expense • Accrued Fixed Expense • Occupying expense, only when the business is in a disproportionately impacted industry. <p>For additional information on what expenses are eligible and how to report them correctly, please refer to the below "Eligible Expenses Questions" section of this document.</p>
<p>What are ineligible expenses that the original grant could NOT be used for?</p>	<p>The following broad expense categories are considered ineligible uses of funds, though this list is also not intended to be exhaustive:</p> <ul style="list-style-type: none"> • Personnel expenses (direct wages, benefits, etc.).* • Personal expenses of the business owner(s) or other associated individual(s).

	<ul style="list-style-type: none"> • Payment of taxes or fines to government authorities, except for the payment of property taxes in some cases. • Legal expenses.* • Expenses associated with the sale of the business or acquisition of another business. • Investments made by the business in financial assets. • Research and development expenses.* • Minor and major capital improvements unless they can be shown to have been forced upon the business as it attempted to respond to COVID-19.* • Purchase of gifts, or charitable donations. • Payments made to an affiliated entity. <p>*These expenses may have been approved for the use of bonus funds. Refer to your grant agreement for more information or contact a Regional Business Manager for clarification.</p>
Is the expense reporting website secure to send sensitive documents?	Yes, the website is secure.
How long will it take for me to hear back if my business was approved for relief?	Expense reports will be reviewed in the order in which they are received. Once all documentation is reviewed, the Division of Small Business will be notifying businesses by email if they are approved for relief. Due to the volume of applications, it may take a few weeks for businesses to receive notification.
I'm having trouble with my expense reporting. Who can I contact for assistance?	The Division of Small Business's team of Regional Business Managers is available to help companies submit the required expense reporting information. Small businesses can connect with the manager for their part of the state at delbiz.com/contact .

Financial

Question	Answer
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Can I have more than one NAICS code?	Yes.
Can I submit 1099s instead of a tax return?	No, federal income tax returns are required. A 1099 form will not satisfy this requirement.
Does PUA count toward 2020 income?	Consult with your accountant or tax advisor.
Does tax return have to be signed and dated?	The tax return should be a copy of the exact file that is filed with the IRS. The copy provided to businesses by its tax preparer usually bears some type of watermark and may not always contain signatures because of the way returns are e-filed.
How do you determine the correct NAICS code for my business?	Your tax return includes your code (most on the first page).
If I file a separate tax return for business and personal, do I have to submit both?	You only need to submit business. But if you file on a Schedule C, the full 1040 should be included.
The business code is blank on my tax return. Will I be denied for this?	No, you would not be rejected based on this.
What federal tax return should I provide?	The return provided should contain the tax data of the applicant business. For a lot of applicants this will mean a separate corporate return; for others that file on their Schedule C, they should include the entire Form 1040.
What should a nonprofit file instead of a tax return?	Nonprofits should file their 990.
Will enhanced reimbursements that were distributed to early childcare providers be counted as part of our gross revenue?	Consult your tax advisor or accountant.
Will the PPP loan be included in my gross revenue for 2020?	Consult your tax advisor or accountant.
Are DE Relief Grants taxable income?	DE Relief Grants are not expressly excluded from being considered taxable income, but businesses should consult their tax advisor or accountant for clarification on this.

Eligible Expenses

Question	Answer
Where do I find the expenses I was approved for?	All businesses who received a DE Relief Grant should refer to their grant agreement for a full listing of expenses they were approved for under the grant. Exhibit A of the grant

	agreement outlines approved expenses for each business.
What is an eligible equipment expense?	<p>An item is eligible as an equipment expense if it was a physical good purchased in order to adapt the business to COVID-19, or in order for the business to comply with COVID-19 related safety regulations. Equipment expenditures made between 3/15/20 and 12/31/21 are eligible to be counted towards the grant, unlike other categories of expenditures. These include:</p> <ul style="list-style-type: none"> • Purchase of personal protective equipment (PPE): face coverings for staff and/or customers, gloves, surgical or other similar gowns, and plastic face shields. • Thermometers for staff and/or customers. • Plexi-glass for the business or other physical barriers. • Equipment that was purchased in order to expand business opportunities- for instance, a restaurant who purchased tables/chairs/other items in order to expand their outdoor dining capacity. • Cleaning supplies. • Air purification systems. • Computer or other technology hardware purchased to accommodate staff shift to working from home- laptops, tablets, webcams, modified telephones/mobile phones. • POS hardware necessary to facilitate contactless payments. <p>These also may include other expenses incurred as a result of COVID-19 that are not listed here. They do not include equipment purchases incurred in the regular course of business, such as:</p> <ul style="list-style-type: none"> • Purchase of a new vehicle. • Fit out of a planned expansion. • Inventory.
What is an eligible technology expense?	Technology expenses are software or service expenses incurred by the business in order to adjust their methodology of reaching

customers or otherwise adapt their business model following the onset of COVID-19. The expense should be incurred between 4/1/20 and 12/31/21. This includes:

- Enhancements to a website or the build out of a new website in order to reach customers, and/or increased monthly fees due to additional services.
- Enhancements to a mobile application or the build out of a new mobile application in order to reach customers and/or increased monthly fees due to additional services.
- Enhancements to enterprise software in order to add additional functionality as a result of COVID-19. This may mean a new POS interface, or for example a modification to a restaurant's management software for staff.
- Digital subscriptions for remote work services- Zoom, Microsoft Teams, or similar service costs.
- Consulting or other support costs associated with the implementation of technological enhancements or with the transition to work from home systems (excluding direct personnel).
- Consulting fees associated with enhancement of digital platforms (for example a consultant to facilitate an enhancement of presence or appearance on social media).
- A hardware cost categorized as a technology cost by an applicant that would otherwise be eligible should be treated as an equipment expense, and all associated criteria for equipment expenses (including timeline of incurrence of expense) should be applied.

Eligible technology expenses do not include:

- Ongoing server/domain host or similar subscription fees associated with a

	<p>website or other platform that have not increased due to COVID-19.</p> <ul style="list-style-type: none"> • Enterprise software upgrade costs that were unrelated to COVID-19 adjustments.
<p>What is an eligible refinance expense?</p>	<p>A business incurs a refinancing expense if it pays off all or a portion of a loan expense incurred (or that it plans to incur) between 4/1/20 and 12/31/21. A loan is clearly eligible if it was taken out between these dates; it can be assumed the business did so in order to sustain cash flow during the pandemic.</p> <p>This can be a privately issued loan by a legitimate financial institution, or a loan issued by the federal, state, or other government entity (unforgiven portion of a PPP loan, EIDL loan, HELP loan, or similar), but cannot be a loan issued by another private entity or person who is not otherwise a legitimate financial institution.</p> <p>A draw on a line of credit is eligible only if the business can demonstrate that they would not have drawn on the line of credit, or would have drawn on it less, had the pandemic not effected their planned cash flow. This can be done through follow up with the business by DSB, in order for them to show past line of credit draw history. However, if other eligible expenses were itemized on the DRG application, they should be prioritized.</p>
<p>What is an eligible advertising expense?</p>	<p>A business incurs an advertising expense when it does additional or new advertising due to COVID-19. This may be:</p> <ul style="list-style-type: none"> • Advertising done to show changes in business operations- hours, business practices, cleaning enhancements, etc. • Increased costs due to switching to a new advertising channel. • Consultant expenses associated with new advertising. • An eligible advertising expense does not include advertising the business

	<p>typically does as part of its normal course of business.</p>
<p>What is an eligible accrued fixed expense?</p>	<p>An applicant has accrued a fixed expense if the person the expense was due to abated said expense for a period of time from 4/1/20 to 12/31/21 but required it to be paid in full at a later time or over a period of time, possibly with interest or similar carrying cost. This could be in the form of a modified lease agreement or similar.</p> <p>An accrued fixed expense is not an expense that was merely forgiven or reduced, never to be owed by the applicant. The applicant must be able to pay off the owed balance in order for the expense to qualify for the grant. Accrued fixed expenses do not include any expenses related to inventory or inventory payments.</p>
<p>What is an eligible occupying expense? <i>(This only applies to certain qualified applicants.)</i></p>	<p>An applicant who is in a disproportionately impacted industry is eligible to count occupying expenses incurred between 4/1/20 and 12/31/21 towards their grant award. An occupying expense includes:</p> <ul style="list-style-type: none"> • Commercial rent/lease payments, even if they are due to an entity owned by or affiliated with the applicant. • Commercial mortgage expense, including interest, unless the entity claiming the mortgage expense also had an affiliated entity claiming rent expense for the same occupancy. • Property taxes, if they can be pro-rated so that they can clearly be assessed over the eligible period of 4/1/20 – 12/31/21. • Utility expenses. • Business insurance expenses (not including insurance expenses related to personnel).

Expense Reporting Process

Question	Answer
What documents can be submitted as proof of expenses?	All businesses who received DE Relief Grants must submit documentation for all qualifying expenses. Acceptable forms of documentation showing proof of expenses include: <ul style="list-style-type: none"> • Receipts • Invoices • Cancelled checks
How do I submit my expenses?	To begin the expense reporting process, visit the Division of Small Business DE Relief Grants website at business.delaware.gov/relief . Scroll down to the "Application Portal" section and click on "Existing Account Log-In" to log in to the portal. A step-by-step how-to manual is available at this link .
What login information do I use to access the portal?	Use the same username and password you used when submitting your DE Relief Grants applications.
If I have multiple businesses, do I need multiple log ins?	No, you can complete multiple expense reporting applications by using one portal log in account. When you log in, you will see applications for each of your businesses.
What do I do if I have forgotten my login username or password?	If you have forgotten your password or other login credentials, you can click on "Forgot your password" on the portal login screen to be sent a password reset email.
How do I detail an eligible bulk purchase for multiple locations of my business?	Prepare the same file in support of each location, which should include total expense and allocation by location.
Should I put both my PPP loan amounts in the PPP question or just the 2020 PPP loan?	All PPP loans should be included.
Do I put the total of both the grant and the loan amount in the EIDL question or just the loan amount?	Both the grant and loan amount should be included.
On which day in 2020 do you want my employee head count?	Employee head count as of December 31, 2020.



For more information on the DE Relief Grants expense reporting process, visit delbiz.com/relief.