

## News from the December 2020 Coronavirus Relief Bill

The President signed the Consolidated Appropriations Act 2021 into law Sunday Dec. 27, 2020. Besides appropriations, this bill also contains COVID relief that builds on provisions in the earlier CARES Act.

### Business Highlights:

1. Explicitly says you can choose any covered period between 8 and 24 weeks for PPP forgiveness.
2. Reverses the IRS' position on deductibility of PPP expenses; you may deduct expenses that were paid with forgiven PPP funds (and forgiveness is still not taxable). Please remember, however, that there is still a basis limit for deducting your businesses losses.
3. EIDL grants no longer reduce your PPP forgiveness.
4. There are additional allowable costs for forgiveness (you must still have 60% wages though). This does not increase the total amount for your PPP loan; it is still limited to 2.5 times your average monthly payroll (except restaurants, see below).
5. There are simplified forgiveness applications for loans of \$150K or less – documentation is not required to be submitted, but you must still calculate the forgiveness accurately.
6. If you applied early for a PPP loan and did not get as much as you were eligible for under the final rules from the SBA, you can reapply for the additional amount (this includes borrowers who returned their funds).
7. A second round of PPP funds will become available in January, 2021. Eligibility is more limited than the first round. You must have used (or will use) the full amount of the first PPP. You must also be able to show a 25% reduction in gross receipts in any quarter of 2020 compared to that same quarter in 2019. Lastly, you must certify that the loan is necessary to support the ongoing operations of the business. Restaurants may apply for up 3.5 times their average monthly payroll; everyone else is limited to the previous 2.5 factor.
8. The Employee Retention Credit (ERC) from the CARES Act is now available to PPP recipients as long as the covered employment periods do not overlap. The ERC provides a refundable tax credit for part of your employee's wages and may be better over time than the PPP for you. The ERC is now available until 7/1/2021.
9. Payroll taxes may be deferred until 4/30/2021, and interest and penalties will not accrue until 1/1/2022.
10. An expanded (and funded) EIDL grant and loan program for businesses in certain low-income communities will be available until Dec 31, 2021.
11. Lastly, there is a new tax provision for 2021 and 2022 only – 100% deduction of business meals!