



\$900 Billion Coronavirus Relief Package

Signed into law on 12/27/2020

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PPP Loan Changes to the 1st Round

- ▶ These changes apply to the Second Round of the PPP as well.
- ▶ Expenses paid with the proceeds of a PPP are now tax deductible
- ▶ Simplified forgiveness application for PPP loans of \$150K or less
- ▶ EIDL does not reduce the amount of PPP forgiveness
- ▶ Additional Expenses:
 - ▶ Certain Operational Expenses associated with payroll, accounting, and human resources
 - ▶ Costs related to property damage
 - ▶ PPE and other health related expenses

PPP Loan Changes to the First Round

- ▶ These changes apply to the Second Round of the PPP as well.
- ▶ Self-Select "Cover-Period" between 8-24 weeks.
 - ▶ For businesses that were unable to use the PPP in 2020, this may mean your "Covered Period" start date is not the date the PPP was received. We are seeking clarification on the matter.

PPP Loan - Round 2

- ▶ Less than 300 employees
- ▶ Have used or will use the full amount of the first PPP
- ▶ 25% Reduction in gross receipts (revenue) in 1st, 2nd, or 3rd in 2020 vs same period in 2019
- ▶ Food/Accommodations businesses may get up to 3.5 months of payroll (vs 2.5 months)
- ▶ When can I apply? What should I do? Should I apply?
 - ▶ No timeline has been given
 - ▶ Contact the bank/lender of your first PPP. Subscribe to updates.

Families First Coronavirus Response Act (FFCRA)

- ▶ Originally enacted in March 2020 and expiring on 12/31/2020.
- ▶ **Act is now extended to 03/31/2021.**
- ▶ Provides benefits for employees of companies with fewer than 500 employees
 - ▶ Emergency Paid Sick Leave (for all employees):
 - ▶ Up to 80 hours paid at regular rate when employee is quarantined and/or experiencing COVID-19 symptoms
 - ▶ Up to 80 hours paid at 2/3s the regular rate when an employee is required to care for someone subject to quarantine or to care for a child whose school or daycare is closed
 - ▶ Expanded Family & Medical Leave (for employees who've worked 30 days or more):
 - ▶ 10 weeks of pay at 2/3s the regular rate to care for a child whose school or daycare is closed
- ▶ Employer receives a dollar-for-dollar credit for qualifying FFCRA pay.
- ▶ Many rules and limitations. Check with your payroll provider

CA Main Street Small Business Tax Credit

- ▶ Credit is equal to \$1,000 for each increase in employee (Maximum of \$100,000 per employer)
- ▶ To qualify for the credit, employers must:
 - ▶ Have 100 or fewer employees on December 31, 2019 (this includes all employees, including part-time employees).
 - ▶ Have a 50% decrease in gross receipts from April to June, 2020, compared to the gross receipts in April to June 2019.
 - ▶ Apply for a tentative credit reservation from CDTFA in the following period: December 1, 2020, through January 15, 2021.
 - ▶ Not be required or authorized to be included in a combined report.
- ▶ Calculating the Credit:
 - ▶ $(\text{Avg FTE from 7/1/20 to 11/30/20}) - (\text{Ave FTE from 04/01/20 to 06/30/20}) = \text{Net Increase}$
 - ▶ Full Time = 167 hours per month
- ▶ Tax Credit may be applied to Sales Tax Obligations or CA Income Tax Obligations - Elections must be made during the application

California Small Business COVID-19 Relief Grant Program

- ▶ Start here: www.CaReliefGrant.com
- ▶ Read Prospect's Summary here: <https://prospecttax.com/careliefgant/>
- ▶ Grant up to \$25,000 (grant = not a loan!)
- ▶ If eligible, apply here: <https://lendistry.com/> (prepare to be frustrated!)
- ▶ Eligibility Requirements:
 - ▶ In business since June 1, 2019 and a physical location in CA
 - ▶ Business impacted by COVID-19 and/or government health/safety edicts
 - ▶ Less than \$2.5 million in gross receipts
 - ▶ Sole Prop, 1099 recipients, C-& S-Corps, LLCs, partnerships, certain non-profits

Employee Retention Credit - Changes

You can now claim this credit, even if you received a PPP loan!

Original Credit: 50% of "qualified wages" (up to \$10,000 per employee) paid from March 13, 2020 - December 31, 2020.

Extended Credit:

- ▶ Period - Wages paid from January 1, 2021 - June 30, 2021
- ▶ Eligibility - You may claim the credit for each quarter in 2021 that your business had a full or partial suspension of its operations or a 20% decline in gross receipts.
 - ▶ New employers (who were not in existence in 2019) can now claim the credit.
- ▶ Amount - 70% of qualified wages
 - ▶ "Qualified wages" = wages paid, up to \$10,000/employee per quarter
- ▶ Maximum credit amount per employee = \$5,000 in 2020 + \$7,000/quarter in 2021
- ▶ Limitation for pay increases was eliminated.
- ▶ Advance payment of the credit can be requested by submitting Form 7200.

Individual Stimulus Payments

- ▶ **Amount** - \$600 (\$1,200 for a joint return) + \$600 per qualifying child under 17
- ▶ **Eligibility** - Generally, you are eligible if you're a US citizen or resident alien, you aren't a dependent on someone else's 2019 tax return, and you have a social security number that is valid for employment.
 - ▶ Payments are phased out if AGI exceeds \$75,000 (single), \$112,500 (head of household), or \$150,000 (joint).
- ▶ Payments will be sent automatically if you filed a 2019 tax return, used the non-filer tool to get the first stimulus payment, or if you received benefits from the SSA, VA, or RRB.
- ▶ If payment not sent automatically, claim the credit on your 2020 tax return.
 - ▶ The IRS' non-filer tool is no longer available.
- ▶ IRS' "Get My Payment" tool - www.irs.gov/coronavirus/get-my-payment
 - ▶ Use this tool to confirm that your payment has been sent and the payment method.
- ▶ Any other questions - www.irs.gov/coronavirus/second-eip-faqs

Unemployment Benefits

The act provided an additional \$300 per week for individuals receiving unemployment benefits through March 13, 2021. It also:

- ▶ Extended Pandemic Unemployment Assistance by 11 weeks
 - ▶ Provides benefits for business owners, self-employed individuals, and other people who don't usually qualify for regular state UI.
- ▶ Extended Emergency Unemployment Compensation by 11 weeks
 - ▶ Provides benefits for people who have used all their regular UI benefits
- ▶ Continued FED-ED Extension through March 14, 2021
 - ▶ Provides benefits for people who used all their unemployment benefits
- ▶ Provided a supplement of \$100/week to certain "mixed earners" who received at least \$5,000 in self-employment income but were eligible for regular unemployment.

Flowchart to see what benefits are available to you: www.edd.ca.gov/unemployment/pdf/benefit-flowchart.pdf

Thanks for listening!

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