

# Consolidated Appropriations Act, 2021

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Signed into law  
December 27, 2020

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**PAYMASTER**

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These slides are for discussion purposes only, and do not constitute tax advice.

# Agenda

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PPP Forgiveness

Second Draw PPP

PPP Forgiven Debt - Deductible Expense

FFCRA (Sick & Family Leave)

Employee Retention Credit

Grants

# Simplified PPP Forgiveness Process

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Loans < \$150,000

Attest to a good faith effort to comply with the PPP loan requirements

Report the number of employees retained

No documentation needed

Simple one-page form [3508S](#) (published 1/19/2021)

You still must comply with spending rules (which have changed... again)



### Paycheck Protection Program

### PPP Loan Forgiveness Application Form 3508S Revised January 19, 2021

**A BORROWER MAY USE THIS FORM ONLY IF THE BORROWER RECEIVED A PPP LOAN OF \$150,000 OR LESS**

<b>Business Legal Name ("Borrower")</b>		<b>DBA or Tradename, if applicable</b>	
<b>Business Address</b>	<b>NAICS Code</b>	<b>Business TIN (EIN, SSN)</b>	<b>Business Phone</b>
			( ) -
		<b>Primary Contact</b>	<b>E-mail Address</b>

**First Draw PPP Loan**  **Second Draw PPP Loan** (check one)

**SBA PPP Loan Number:** \_\_\_\_\_

**Lender PPP Loan Number:** \_\_\_\_\_

**PPP Loan Amount:** \_\_\_\_\_

**PPP Loan Disbursement Date:** \_\_\_\_\_

**Employees at Time of Loan Application:** \_\_\_\_\_

**Employees at Time of Forgiveness Application:** \_\_\_\_\_

**Covered Period:** \_\_\_\_\_ to \_\_\_\_\_

**If Borrower (Together with Affiliates, if Applicable) Received First Draw PPP Loans of \$2 Million or More or Second Draw PPP Loans of \$2 Million or More, Check Here:**

**Amount of Loan Spent on Payroll Costs:** \_\_\_\_\_

**Requested Loan Forgiveness Amount:** \_\_\_\_\_

**By Signing Below, You Make the Following Representations and Certifications on Behalf of the Borrower:**

The Authorized Representative of the Borrower certifies to all of the below by **initialing** next to each one.

\_\_\_\_\_ The Borrower has complied with all requirements in the Paycheck Protection Program Rules (Sections 7(a)(36), (7)(a)(37), and 7A of the Small Business Act, the PPP interim final rules, and guidance issued by SBA through the date of this application), including the rules related to:

- eligible uses of PPP loan proceeds;
- the amount of PPP loan proceeds that must be used for payroll costs;
- the calculation and documentation of the Borrower's revenue reduction (if applicable); and
- the calculation of the Borrower's Requested Loan Forgiveness Amount.

Information regarding these requirements may be found in the Form 3508S Instructions and the Paycheck Protection Program Rules.

\_\_\_\_\_ The information provided in this application is true and correct in all material respects. I understand that knowingly making a false statement to obtain forgiveness of an SBA-guaranteed loan is punishable under the law, including 18 U.S.C. 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 U.S.C. 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a Federally insured institution, under 18 U.S.C. 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.

Following submission of this forgiveness application, the Borrower must retain all records necessary to prove compliance with Paycheck Protection Program Rules for four years for employment records and for three years for all other records. SBA may request additional information for the purposes of evaluating the Borrower's eligibility for the PPP loan and for loan forgiveness, and the Borrower's failure to provide information requested by SBA may result in a determination that the Borrower was ineligible for the PPP loan or in a denial of the Borrower's loan forgiveness application.



# Second Draw PPP – Fully Open Jan 12!

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Second loan of up to 2.5X average monthly payroll costs up to \$2 million

Conditions;

- 300 or fewer employees.

- 25% or more decline in revenue for any quarter in 2020 compared to 2019.

- Must have spent all of first round funds before second loan is disbursed.

- Funds available until they run out. (Funds will run out)

# Second Draw PPP – Lodging and Food Svcs

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NAICS Sector 72 ([naics.com](https://naics.com) to look up your industry code)

Hotels/motels/etc

Restaurants/bars/fast food/etc

Catering/food service/etc

Second loan of up to **3.5 X** average monthly payroll costs.



# PPP Second-Draw so far...

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As of this past Tuesday;

400,000 loans made

\$35 billion dollars given out

\$284 billion available (which is less than the \$349 billion in the first round, which was gone in less than two weeks)

66% were for \$60,000 or less

Average loan \$87,000

## The PPP Portal is currently unavailable

To our valued business client:

As you may be aware, the Small Business Administration continues to publish additional guidance as it relates to the forgiveness of Paycheck Protection Program (PPP) loans and the recent reauthorization of the program. Please be assured that we are working hard to update our online Portal to accommodate new guidance as we receive it. As a result, we have had to temporarily disable the online Portal to allow our team to make necessary updates and **you will not be able to access the Portal at this time**. We will let you know once the Portal is made available.

We also wanted to inform you that we have received additional guidance pertaining to loan forgiveness and borrower eligibility for a second draw PPP loan. Per recently published SBA guidance, if you intend to apply for a second draw PPP loan over \$150,000 and have not yet applied for loan forgiveness, you will need to apply for forgiveness of your original PPP loan before or at the same time that you apply for a second draw PPP loan. [Click here](#) to review the PPP Interim Final Rule - Loan Forgiveness Requirements.

# Deductibility of Expenses

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IRS stated back in April 2020 that expenses paid with forgiven PPP funds were not deductible for federal income tax purposes.

Now they are!

# Families First Coronavirus Response Act

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Tax credit extended on Sick and Family leave wages paid through March 31, 2021.

Employer mandate was NOT extended. Optional for employers to offer.

Why not offer?

No addition of time off available to employees.

Two weeks total, between 4/1/2020 and 3/31/2021 for Sick or Family leave

Ten weeks total, between 4/1/2020 and 3/31/2021 for EFMLA

# Employee Retention Credit

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The IRS will allow a tax credit (refundable) if your business meets one of two conditions;

Business was fully or partially suspended

Business gross receipts (revenue) decreased during a calendar quarter

# Types of businesses Eligible for ERC

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Non-profits are eligible

Household employers are not eligible

Self-employed individuals are not eligible with respect to their own self-employment earnings

# Employee Retention Credit

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2020 (effective 3/13/2020)

“Suspended” or revenue must be down 50% in 2020 quarter compared to 2019.

50% of wages paid per employee, up to **\$5,000 max credit per employee.**

2021 (expires 6/30/2021)

“Suspended” or revenue must be down 20% compared to same quarter in 2019.

70% of wages paid per employee, up to **\$7,000 max credit per employee, per quarter.**

# Suspended Definition for ERC

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Fully or partially suspended by government order (state, county, city, or local)

If fully or partially suspended, but can work from home = NOT eligible for ERC

Business not suspended, but an essential supplier is = eligible for ERC



# Wage Exclusions for the ERC

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Does not include payments for Severance

Does not include wages paid with forgiven PPP funds

Does not include wages used for the purpose of WOTC

Does not include FFCRA Sick, Family, or EFMLA wages

# Grants for Shuttered Businesses

Live venue operators, promoters, theatrical producers, live performing arts organization operators, museum operators, motion picture theatre operators, talent representatives, and the like.

25% reduction in revenue in a calendar quarter in 2020 compared to the same quarter in 2019.

PPP OR Grant, but Grant process has not opened yet. (SBA Website)

Grant amount is lesser of 45% of gross revenue of 2019 or \$10,000,000

Grant can be used towards payment of payroll, certain contractor payments, rent, utilities, interest, certain worker protection expenses, insurance, and more.



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# Thank you!

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