

Stimulus Bill Updates PPP, ERC, and beyond!

March 22, 2021



Today's Topics

- Paycheck Protection Program (PPP) updates
- Employee Retention Credit (ERC) updates – 2020 & 2021
- Families First Coronavirus Response Act (FFCRA) extensions
- Targeted Economic Injury Disaster Loan (EIDL) Program
- Shuttered Venue Operator Grants (SVOG) information
- Restaurant Revitalization Fund (RRF) details

American Rescue Plan Act of 2021

- \$1.9 trillion stimulus package signed into law March 11, 2021
- \$28.6 billion to RRF
- Additional \$1.25 billion to SVOG
- Additional \$15 billion for Targeted EIDL
- Additional \$7 billion for PPP
- Extends ERC through December 31, 2021
- Extends and expands FFCRA through September 30, 2021

PPP Updates

- Bill to extend the time to apply for a loan to May 31st is currently with the Senate and expected to pass
 - May allow PPP2 first draw applicants to apply for PPP2 second draw
- Expanded eligibility for not-for-profits
 - Now includes all not for profits listed in Sec. 501c of the Internal Revenue Code
 - Subject to lobbying activity thresholds
 - Organization does not receive more than 15% of receipts from lobbying activities
 - Lobbying activities do not comprise more than 15% of activities
 - Cost of lobbying activities did not exceed more than \$1 million during the most recent tax year ended prior to February 15, 2020
- Internet-only news publishers are now eligible
- Updated loan calculation for Schedule C filers

PPP Loan Calculation for Schedule C

Schedule C with NO employees

- Use 2019 or 2020 gross income
 - Line 7 of Schedule C
- Gross income capped at \$100,000
- Maximum loan \$20,833
- Can be used on any eligible covered expenses including ‘proprietor expense,’ also known as owner compensation replacement

Schedule C with employees

- Eligible payroll costs for employees
- Owner compensation replacement
 - Use 2019 or 2020 gross income
 - Subtract the following expenses:
 - Line 14 – Employer benefit programs expense
 - Line 19 – Pension and profit-sharing plans
 - Line 26 – Wages (less employment credits)

PPP Loan Forgiveness Reminders!

Loan forgiveness applications are due 10 months from the end of your covered period!

If you received a PPP loan in early April 2020 and intend to use an 8-week covered period, the due date could be as early as the end of March!

Employee Retention Credit - 2020

- Economic Aid Act made ERC available to PPP loan recipients
- Can file for the credit on an amended 4th quarter 2020 941 (941-x)
- Cannot 'double dip' – wages used for PPP forgiveness cannot be used to claim ERC
- If you've applied for PPP1 forgiveness:
 - Payroll costs on loan forgiveness application exceed PPP loan amount – you can use wages in excess of PPP loan for ERC
 - Payroll costs on loan forgiveness application equal PPP loan amount – you CANNOT use those wages for ERC

Employee Retention Credit - 2021

- Extended through December 31, 2021
- Eligibility requirements:
 - Full or partial suspension of operations due to governmental orders related to COVID-19; OR
 - Decline in gross receipts of 20% or more in a calendar quarter in 2021 compared to the same calendar quarter in 2019
- Apply for credit on quarterly 941 form
 - We recommend being prepared to provide this information to your payroll processor ASAP after March 31st
- Can request a refund of credit (IRS will send check when processed) OR apply to next return and offset next quarter's payments (immediate cash in the bank)
- Still waiting on additional guidance for application of 2021 credit – but many details will be similar to 2020 rules

FFCRA Credits - 2021

- Employers can voluntarily choose to grant FFCRA paid leave through September 30, 2021
- Expanded qualifying reasons for FFCRA leave
 - Employee is seeking or awaiting results of a test or diagnosis of COVID-19
 - Employee is obtaining COVID-19 immunization
 - Employee is recovering from illness or condition related to COVID-19 immunization
- Employees who exhausted the 10 days of FFCRA sick leave prior to April 1, 2021 are eligible for up to 10 additional days
- Starting April 1, 2021 expanded family and medical leave (EFMLA) under FFCRA can be taken for all reasons that an employee can take FFCRA paid sick leave

- ***Wages paid under FFCRA are NOT eligible payroll costs for PPP or ERC***

Targeted EIDL Advances

- No OPEN application process – the SBA will contact eligible participants and provide application instructions
 - SBA began this process in early February
 - First priority group included 2020 EIDL Advance recipients who received less than \$10,000
 - Second priority group includes organizations that applied for EIDL assistance before December 27th but did not receive funds because funding ran out
- Eligibility Requirements
 - 300 or fewer employees
 - Located in a federally identified low-income community
 - Demonstrate a reduction in revenue of more than 30% during an 8-week period beginning on March 2, 2020 or later
- Documents Needed
 - 2019 Federal Tax Return
 - Monthly gross receipts for each month from January 2019 through most recent month-to-date period

Targeted EIDL Advance Additional Funding

- If funds remain after initial target program, \$5,000 supplemental grants may be issued to organizations who:
 - Suffered a revenue loss of at least 50%
 - Have 10 or fewer employees

More information to come on this

EIDL Advances are 'tax-free' for Federal purposes

Shuttered Venue Operator Grants

- Portal will open on SBA.gov website on April 8th
- PPP loans received in 2020 have no impact on SVOG
- PPP loans received in 2021
 - Loan received prior to SVOG approval will reduce SVOG amount received
 - PPP loan of \$100,000 received in 2021. Maximum SVOG of \$450,000. SVOG received will be \$350,000.
 - CANNOT apply for PPP loan after you have been approved for SVOG
- Review SBA.gov eligibility requirements checklist and preliminary application checklist

SVOG Highlights

- Eligible for grants equal to 45% of 2019 gross earned revenue
- Maximum single grant award of \$10 million
- \$2 billion in funding is reserved for eligible applicants with up to 50 full-time employees
- Register for DUNS number at SAM.gov – federal grant award
- Subject to single audit requirements – expend more than \$750,000 in Federal funding in one fiscal year
- Can be used for most ordinary and necessary operating expenses
- Recipients will have one year from the date their award is disbursed to use funds – any unused funds must be returned at the end of the one-year period.
- Priority Periods
 - First priority – entities that suffered a 90% or greater revenue loss between April 2020-December 2020 due to COVID-19
 - Second priority – entities that suffered a 70% or greater revenue loss between April 2020-December 2020
 - Third priority – entities that suffered a 25% or greater revenue loss between one quarter of 2019 and the corresponding quarter of 2020
 - Supplemental funding – recipients of priority funding who suffered a 70% or greater revenue loss for the most recent calendar quarter as of April 1, 2021 or later

Restaurant Revitalization Fund

- This is a grant – no repayment unless all funds are not used or business permanently ceases operations
- Similar to SVOG – will be managed through SBA
- Grant calculation will be 2019 revenue minus 2020 revenue minus PPP loans received
- \$10 million maximum grant per entity
- \$5 million per physical location cap
- Covered period February 15, 2020 through December 31, 2021
- Can be used to cover most operating expenses
- Ineligible if more than 20 locations
- Ineligible if received or intends to receive SVOG
- \$5 billion reserved for businesses with less than \$500,000 of 2019 revenue
- 21-day priority period for women, veteran, and minority owned businesses
- MORE INFO TO COME



Resources

- COVID-19 Resource Center

<https://www.wegnercpas.com/wegner-resources/covid-19/>

- SBA

<https://www.sba.gov/page/covid-19-guidance-resources>

Thank You!

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