

# COVID Relief Programs Overview

November 18, 2021



## Today's Topics

- Restaurant Revitalization Fund (RRF) statistics
- Shuttered Venue Operator Grants (SVOG) information
- Paycheck Protection Program (PPP) forgiveness and stats
- Economic Injury Disaster Loan (EIDL) timeline and availability
- Families First Coronavirus Response Act (FFCRA) end dates
- Employee Retention Credit (ERC) updates – 2020 & 2021

# Restaurant Revitalization Fund

- Grant application period CLOSED – dollars exhausted
- This is a grant – no repayment unless all funds are not used or business permanently ceases operations
- Covered period February 15, 2020 through March 11, 2023
- All recipients must report funds used via application portal by year-end
  - If all funds not used by year-end, must report annually

## Summary of RRF Net Approvals\*

Total Restaurants	Total Dollars
101,004	\$28,574,979,472

278,304 applications  
submitted totaling  
**\$72,233,280,031!**



## Grant Size

Grant Size	Count	Dollars	% of Count	% of Dollars
\$50K and Under	24,341	\$625,364,660	24.1%	2.2%
>\$50K - \$100K	18,912	\$1,388,851,149	18.7%	4.9%
>\$100K - \$150K	12,884	\$1,589,226,004	12.8%	5.6%
>\$150K - \$350K	25,954	\$6,064,688,400	25.7%	21.2%
>\$350K - \$1M	13,673	\$7,767,227,918	13.5%	27.2%
>1M - \$2M	3,421	\$4,675,678,780	3.4%	16.4%
>2M - \$5M	1,656	\$5,136,362,779	1.6%	18.0%
>5M - \$10M	163	\$1,327,579,782	0.2%	4.6%

\* Overall average grant size is: **\$283K.**

# Shuttered Venue Operator Grants

- Initial grant application period closed
- Supplemental grants available to those that received initial money
  - Must have suffered a 70% or greater revenue loss for the most recent calendar quarter compared to the same quarter in 2019
  - Eligible applicants should have received an email
  - 50% of applicant's initial award
- Must retain employment records for 4 years following receipt of grant and all other records for 3 years
- Must initiate closeout process no later than 120 days after end of budget period – SVOG portal

# SVOG Overview

Total \$ Grants Awarded	Total \$ Grants Disbursed
\$12.9bn	\$12.3bn

## INITIAL

Grant Applications Submitted	# Grants Awarded	\$ Grants Awarded	Avg. Grants Awarded	\$ Grants Disbursed
17,644	12,765	\$10.5bn	\$818K	\$10.3bn

## SUPPLEMENTAL

Invitations Accepted	# Grants Awarded	\$ Grants Awarded	\$ Grants Disbursed
6,868	6,735	\$2.4bn	\$2bn

As of Midday 15 November 2021

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# PPP Updates

- Deadline to apply for PPP2 was May 31, 2021
- 24-week covered period should be over for just about all recipients

## Forgiveness by dollar amount

Data as of November 7, 2021

Total PPP volume (2020-2021)	\$792,040,196,945
Applications for forgiveness	\$628,075,720,787
Payments	\$610,462,928,909

Feedback

# PPP Loan Forgiveness Reminders!

- Can apply for forgiveness any time up to the maturity date of loan
- Payments are no longer deferred after 10 months from end of covered period
- Apply for forgiveness via your lender's portal; OR
- Apply through SBA direct forgiveness portal if your lender participates
  - <https://www.sba.gov/document/support-ppp-lenders-participating-direct-forgiveness>



# PPP Forgiveness

- Loans of \$150,000 or less
  - Use Form 3508S
  - No supporting documentation required; HOWEVER – documents must be available within 10 days of SBA's request to review or audit loan
- Loans greater than \$150,000
  - Use Form 3508EZ or Form 3508
  - Must meet specific requirements for Form 3508EZ
  - Form 3508 includes Schedule A and Schedule A worksheet

**ALL LOANS ARE SUBJECT TO SBA REVIEW AND/OR AUDIT**

Loans of \$2 million or more are guaranteed to be audited, but SBA has already begun requesting reviews of smaller loans

## EIDL Program

- Funding still available – applications open until December 31, 2021 or until funds are exhausted
- If you already received an EIDL, can request an increase through December 31, 2021
- Loans of up to \$2 million
- Must have suffered working capital losses due to COVID to be eligible
- Application portal
  - <https://covid19relief.sba.gov/#/>

# EIDL Facts

- Can be used for operating and other ordinary business expenses and can now be used to pre-pay **business** debt
- Cannot be used to expand business, make prepayments on debt that is owned by a federal agency, or to start a new business
- Loan term: 30 years
- Payment deferral: 24 months from date of first disbursement (interest accrues)
- Interest rate: 2.75% non-profits  
3.75% businesses
- Collateral required?: \$25,000 or less – NO
- Personal guaranty?: \$200,000 or less –NO  
Exception for NFPs and ESOPs
- Fees: \$100 filing fee for loan requests over \$25,000

# FFCRA Credits - 2021

- Employers could 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 were 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
- If these wages were appropriately tracked but credit was not filed on original 941, can file Form 941-X

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



# Employee Retention Credit

# History of the Employee Retention Credit

- March 2020: CARES Act – ERC from 3/13/20 – 12/31/20
- December 2020: CAA, expanded ERC to Q1, Q2 2021, eligible for PPP loan participants.
- March 2021: ARPA, expanded ERC to Q3, Q4 2021
- November 2021: IIJA , retracted ERC in Q4 2021 (except for recovery start up businesses)

# Employee Retention Credit

- Qualifications
  1. Gross receipts test (see next slide)
  2. Operations were fully or partially suspended during any calendar quarter of 2020 or 2021 due to orders from a governmental authority limiting group meetings, commerce, or travel due to COVID-19

# Employee Retention Credit

- Gross Receipts Test
  - 2020 Gross receipts for the quarter were less than 50% of the gross receipts for the same calendar quarter in the prior year. You STOP qualifying in 2020 during the quarter that gross receipts are over 80% of the same calendar quarter in 2019.
  - 2021 Gross Receipts for the quarter were less than 80% of the gross receipts for the same calendar quarter in the prior quarter in 2019. Note there is also an alternative method in 2021 as well to help businesses qualify. See later example.



# Employee Retention Credit

Please enter gross receipts for each quarter of 2019, 2020, and 2021 in the green boxes below.

Exclude receipts on the repayment of loans, collection of sales tax, PPP forgiveness, ERC, or tips collected

	<u>2019 Gross Receipts</u>	<u>2020 Gross Receipts</u>	<u>2021 Gross Receipts</u>	<u>Decline in gross receipts 2020</u>	<u>Decline in gross receipts 2021</u>	<u>2020 Eligible Quarters:</u>	<u>2021 Eligible Quarters</u>
Q1	1,500,000	1,200,000	2,000,000	-20%	33%		Qualifying Quarter based on alt method
Q2	1,000,000	450,000	750,000	-55%	-25%	Qualifying Quarter	Qualifying Quarter
Q3	2,000,000	2,500,000	2,000,000	25%	0%	LAST Qualifying Quarter in 2020	Qualifying Quarter based on alt method
Q4	1,500,000	1,100,000	1,500,000	-27%	0%		
<b>Please provide any questions or notes below:</b>							

# Employee Retention Credit

Gross receipts of the taxable year and generally includes:

- Total sales (net of returns and allowances) and all amounts received for services.
- Income from investments, including interest, dividends, rents, royalties, and annuities, regardless of whether those amounts are derived in the ordinary course of the taxpayer's trade or business.
- Gross receipts are generally not reduced by cost of goods sold. **They are generally reduced by the taxpayer's adjusted basis in certain property used in a trade or business or capital assets sold except for tax exempt organizations.**

# Employer Retention Credit

- Qualifying wages (wages + employer health insurance) - 2020:
  - 100 FTEs for 2019
    - Over – only for employees paid while not working
    - Under – all employees
- Qualifying wages (wages + employer health insurance) – 2021:
  - 500 FTEs for 2019
    - Over – only for employees paid while not working
    - Under – all employees

# Employee Retention Credit

- 2020 Credit -
  - Up to \$5,000/employee annually
- 2021 Credit -
  - Up to \$7,000/employee quarterly

# Employee Retention Credit

Frequently asked questions:

1. Where do I claim this credit?
2. How long to get my refund?
3. Does the IRS pay interest?
4. Do owners wages count?
5. Are there rules for ownership in multiple companies?
6. Can Wegner help with this?
7. Is there an alternative quarter selection?
8. Is ERC still around for Q4 2021?
9. Is this program for real?

## Tax impacts

- PPP– Tax exempt for federal taxes, most states have accepted this practice.
- SVOG –Tax exempt for federal taxes.
- RRF – Tax exempt for federal taxes.
- ERC – Loss of federal wage deduction on income tax filings (businesses). Most states are still allowing the wage deduction.



## 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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