



December 28, 2020

COVID-19 RELIEF BILL IS SIGNED INTO LAW

President Donald Trump on Sunday night signed into law the \$900 billion COVID-19 relief bill with \$600 stimulus checks.

Key provisions in the bill include:

- **Stimulus Checks:**
Economic impact payments of \$600 for individuals making up to \$75,000 per year and \$1,200 for married couples making up to \$150,000 per year, as well as a \$600 payment for each child dependent.
- **Unemployment Insurance:**
Unemployment benefits a \$300 per week supplement from Dec. 26 until March 14, 2021.
- **Rental Assistance:**
Rental assistance to protect vulnerable Americans who are at risk of losing their home. There is also a one-month extension of the federal eviction moratorium through Jan. 31, 2021.
- **Business meal deduction:**
Businesses may deduct 100% of business-related restaurant meals during 2021 and 2022 (the deduction currently is available only for 50% of those expenses).
- **Extension of Employee Retention Tax Credit**
The Act extends the ERTC to cover wages paid through June 30, 2021.
 - The credit rate is increased from 50% to 70% of qualified wages
 - Per employee wage cap is increased from \$10,000 in the aggregate to \$10,000 per calendar quarter
 - The required decline in gross receipts from 50% to 20%

Retroactive to March 13, the employers who receive PPP loans may still be eligible for the ERTC to the extent qualified wages are not paid using forgiven PPP loan proceeds.

- **Extension of Paid Leave Credit**
The Act of 2020 (CTRA) extends the tax credit portion of the FFCRA for employers that voluntarily offer paid sick or paid family leave through March 31, 2021. The mandatory leave portion will terminate as expected on December 31, 2020.
- **Paycheck Protection Program (PPP)**
Another round of PPP loans (called PPP2) is available, both to previous recipients and first time borrowers, and also for community groups.

Previous PPP Recipients. Additional loans are available up to \$2 million each, for previous PPP recipients, provided they meet these 3 criteria:

- Have 300 or fewer employees.
- Have used or will use the full amount of their first PPP loan.
- Can show a 25% gross revenue decline in any 2020 quarter compared with the same quarter in 2019.

First Time PPP Borrowers. Eligible small business borrowers must fall into one of the following groups:

- Have no more than 500 employees and meet eligibility for [SBA 7\(a\) loans](#).
- Sole proprietors, independent contractors, and eligible self-employed individuals.
- Not-for-profits.
- Accommodation and food services operations (those with North American Industry Classification System (NAICS) codes starting with 72) with fewer than 300 employees per physical location.

PPP borrowers may receive a loan amount of up to 2.5 times their average monthly payroll costs in the year prior to the loan or the calendar year and the maximum loan amount is \$2 million. PPP borrowers with NAICS codes starting with 72 (hotels and restaurants) can get up to 3.5 times their average monthly payroll costs.

- **Tax deductibility for PPP expenses**

The bill also specifies that business expenses paid with forgiven PPP loans are tax-deductible

Use of PPP Funds Expanded

Costs eligible for loan forgiveness continue to include payroll, rent and utilities. PPP2 also adds the following as forgivable:

- Covered worker protection equipment
- Covered supplier costs
- Covered operational expenditures such as software and cloud computing services and accounting needs.

Please feel free to contact us if you have any question.

Thank you,

Prospera Accountancy Group

Reference: [BILLS-116hr133enr.pdf \(congress.gov\)](#)