

2020 Year-End Pandemic Relief Package Overview

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Overview

- H.R. 133 signed into law by President Trump on Sunday, December 27
- \$900 billion covid relief package
- Merged with \$1.4 trillion fiscal 2021 omnibus spending agreement to fund the government through September
- \$300 billion for small business
 - \$284 billion in PPP

Outline of Small Business Provisions +

- Changes to PPP
- “Second Draw” PPP
- Economic Injury Disaster Loans
- Tax Credits
- Additional provisions of interest

Changes to PPP

- Overturns IRS ruling and provides that regular business expenses paid for with PPP loan proceeds shall be deductible for tax purposes (applies to past and future loans).
 - Also expanded list of qualifying expenses to include “operations expenses” such as HR and accounting software, cloud computing; “supplier costs” and “covered property damage” from recent unrest.
- If you also received an EIDL grant, your PPP loan forgiveness will no longer be reduced by that amount.
- Simplified one-page application process for loans of less than \$150,000.
- Eligible entities that have not yet applied may do so.
- Safe Harbor: New borrowers have until the end of the covered period of their loan (up to 24 weeks after origination) to restore a reduction in their number of employees or reduced wages in order to avoid having their loan forgiveness reduced.
- \$35 billion is set-aside for first time borrowers and \$15 billion for employers with 10 or fewer employees or for loans less than \$250,000 for entities located in a low-income neighborhood.

Changes to PPP Eligibility

Expands eligibility to receive a Paycheck Protection Program loan to include the following organizations:

- 501(c)(6) organizations if:
 - The organization does not receive more than 15 percent of receipts from lobbying;
 - The lobbying activities do not comprise more than 15 percent of activities;
 - The cost of lobbying activities of the organization did not exceed \$1,000,000 during the most recent tax year that ended prior to February 15, 2020; and
 - The organization has 300 or fewer employees.
- Destination Marketing Organizations if:
 - The organization does not receive more than 15 percent of receipts from lobbying;
 - The lobbying activities do not comprise more than 15 percent of activities;
 - The organization has 300 or fewer employees; and
 - That destination marketing organization is registered as a 501(c) organization, a quasi-government entity, or a political subdivision of a state or local government.

Second Draw PPP

- Small businesses with less than 300 employees, non-profits, sole proprietors, and Independent Contractors that have exhausted initial PPP loan.
- Loans available through 3/31/21 or until exhausted.
- Must show greater than 25% reduction in gross receipts during the first, second, third, or fourth quarter YOY
- Max loan amount is the average monthly payroll costs for the entity during the 12 months prior to the loan or, at the election of the borrower, 2019 payroll multiplied by 2.5 (or 3.5 for employers in the accommodation and food service industry) - not to exceed \$2 million.
- Forgiveness:
 - Costs incurred or expenditures made between the date of the origination of the loan and ending on a date of the business' choosing that is between 8 and 24 weeks after origination for eligible expenses; or
 - Payroll costs for the same period divided by 0.60 (this serves as a cap on the total loan forgiveness to ensure that at least 60% of the total amount forgiven is for payroll costs).
- \$25 billion is set aside for employers with 10 or fewer employees or for loans less than \$250,000 for entities located in a low-income neighborhood.

EIDL

- Reopens the \$10,000 EIDL Grant program with a \$20 billion appropriation.
- Priority for the full amount of the EIDL grant will be given to small businesses with less than 300 employees, located in low-income neighborhoods, who have experienced a 30% reduction in gross receipts during any 8-week period between March 2, and December 31, 2020 compared to a comparable 8-week period before March 2.
- Businesses that have already received a grant that is less than \$10,000 can reapply to receive the difference.

Tax Credits: ERTC

- Significantly expands the refundable employee retention tax credit beginning on January 1, 2021 and expiring on June 30, 2021. The prior credit was 50% on \$10,000 in qualified wages for the whole year (or a maximum of \$5,000 per employee). The new credit is 70% on \$10,000 in wages per quarter (or a maximum \$14,000 per employee through June 30th).
- Expands which employers are eligible. Prior to the new law, the ERTC applied only to an employer who experienced a decline in gross receipts of more than 50% in a quarter compared to the same quarter in 2019. Eligibility is now expanded to include employers who experienced a decline of more than 20%.
- Employee cap under which it is easier to claim the tax credit has been raised to 500 employees from 100 employees.
- Employers can now also receive both the ERTC and a PPP loan, just not to cover the same payroll expenses.

Additional Provisions of Interest

- \$15 billion grant program for eligible live venue operators or promoters, theatrical producers, live performing arts organization operators, museum operators, motion picture theatre operators, or talent representatives that have experienced at least a 25% drop in revenue (may not apply for as well as PPP)
- Forgiveness of existing SBA loans (7A as an example)
- Extends through the end of March the emergency paid sick leave and paid family and medical leave payroll tax credits enacted under FFCRA
 - However, the bill would not extend the mandate —the teeth of the provisions — meaning that only employers who voluntarily provide the benefits to workers would receive the credits

Misc. Relief

- \$55 million to the FDA for its work on vaccines and other medical supply chain issues
- \$8.75 billion to the CDC for federal, state and local health agencies' efforts to distribute the vaccine
- \$1.25 billion to NIH for research on the long-term effects of Covid-19
- \$4.25 billion to SAMHSA for expanded mental health and substance abuse services
- \$10.25 billion to the Administration for Children and Families for the Child Care and Development Block Grants program
- \$81.88 billion to the CARES Act-created Education Stabilization Fund (\$54.3 to K-12)

Unemployment Insurance

- Extends until March 14 the emergency unemployment insurance programs:
 - Pandemic Unemployment Assistance, which provides jobless benefits to gig workers and others not traditionally eligible for help + increases the number of weeks a worker could receive PUA from 39 to 50
 - Pandemic Emergency Unemployment Compensation, which extends state unemployment benefits an additional 13 weeks + increases the number of weeks a worker could receive PEUC from 13 to 24
 - Eligible workers still receiving benefits as of March 14 would be able to continue doing so until April 5.
- Restores Federal Pandemic Unemployment Compensation program to provide all workers receiving jobless aid with an extra \$300 per week from Dec. 27 through March 14.
- Includes several provisions aimed at combating unemployment fraud:
 - Requirement that those who apply for PUA after Jan. 31 submit supporting documentation within 21 days, as well as a requirement that states establish within 30 days a system for employers to report if their workers refuse to return to work.
- Stimulus checks to individuals of \$600 (or perhaps \$2,000?)

46% of employers
don't see normal
operations
resuming for more
than 6 months.

*U.S. Census Small Business Pulse Survey,
12/23/20.*

Let's continue
the
conversation!

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The logo for the Columbus Chamber of Commerce is displayed in a white rectangular box. The word "COLUMBUS" is in a large, bold, black sans-serif font, with the letter "U" in red and a small black star above it. Below "COLUMBUS" is the word "CHAMBER" in a smaller, black, all-caps sans-serif font. At the bottom of the box is the word "OF COMMERCE" in a very small, black, all-caps sans-serif font, with wide letter spacing.

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