

NFIB UPDATE

Weekly Briefing for Small Business

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December 22, 2020 – Emergency Coronavirus Relief: small business details revealed, including PPP 2.0, EIDL grants, and tax relief.



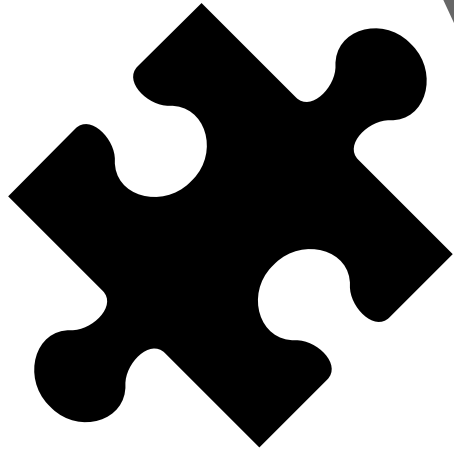
DISCLAIMER

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- This is based on information available by 12/22/20.

Agenda

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- Covid-19 Small Business Resources
 - Stimulus Bill Update
 - PPP and EIDL
 - More, targeted funding, 2nd PPP loan
 - EIDL advance/PPP fix
 - Deduct forgiven PPP expenses
 - EIDL grants
 - Pandemic Unemployment Assistance
 - Paid Sick Leave
 - Direct Stimulus Payments
 - Send questions to info@nfib.org

Covid-19 Small Business Resources



COVID-19 Resources

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- [PPP Loan Forgiveness Form 3508S Application Instructions](#)
 - [PPP Loan Forgiveness Form 3508S Application](#)
 - [PPP Loan Forgiveness Form 3508EZ Application Instructions](#)
 - [PPP Loan Forgiveness Form 3508EZ Application](#)
 - [PPP Loan Forgiveness Form 3508 Application Instructions](#)
 - [PPP Loan Forgiveness Form 3508](#)
 - [AICPA PPP Loan Forgiveness Calculator \(updated 11/16/20\)](#)
 - [NFIB Coronavirus Resources \(including webinar recordings\)](#)
 - [NFIB FFCRA Tax Credit Tip Sheet](#)
 - [NFIB Covid-19 in the Workplace Tip Sheet](#)

What's New for the Paycheck Protection Program?

- **Simplified Forgiveness:** simplifies forgiveness application process for PPP loans of \$150,000 or less.
 - Application will be similar to 3508S
 - Safe harbor from FTE and salary requirements
 - **EIDL Grant/PPP Fix:** repeals the requirement of deducting the EIDL Advance Grant (\$1,000/employee) from the PPP forgiveness amount.
- *Don't worry if you've already submitted your forgiveness application, this applies to all PPP loans**
- **Deduct Forgiven Expenses:** deductions are now allowed for expenses paid with proceeds of a forgiven PPP loan (and forgiven PPP loans not treated as taxable income).



PPP Reopened with New Eligibility Requirements

(open to 1st and 2nd PPP borrowers)

- \$284 billion for new PPP loans (1st and 2nd time eligible borrowers)
- Application deadline March 31, 2021 (or until funding runs out)
- Bank of America, JPMorgan Chase, Cross River Bank, and Wells Fargo have already committed to participate.

Check with your lender to see if they're participating in PPP 2.0



PPP 2.0 Eligibility

- 300 or fewer employees
- Demonstrate at least a 25% reduction in gross receipts in Q1, Q2, or Q3 of 2020 relative to the same 2019 quarter. Applications submitted on or after January 1, 2021 are eligible to utilize the gross receipts from the Q4 of 2020.
 - if the entity was not in business during 2019, but was in operation on February 15, 2020, had gross receipts during the second, third, or, only with respect to an application submitted on or after January 1, 2021, fourth quarter of 2020 that demonstrate not less than a 25% reduction from the gross receipts of the entity during the first quarter of 2020



PPP 2.0 Loan Amount

- Loan amounts are again limited to 2.5x average monthly 2019 payroll costs (capped at \$2 million).
- Accommodations and Food Services (NAICS code 72) small businesses may receive loans of up to 3.5x average monthly 2019 payroll costs (capped at \$2 million).

Calculation

2019 Payroll x 2.5 (or 3.5) divided by 12 (months)
= maximum PPP loan



What can you include in calculating PPP loan amount?

- Payroll costs consist employees' compensation (whose principal place of residence is the United States) in the form of salary, wages, commissions, or similar compensation; cash tips or the equivalent (based on employer records of past tips or, in the absence of such records, a reasonable, good-faith employer estimate of such tips); payment for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums, and retirement; payment of state and local taxes assessed on compensation of employees.
- Owner-employee compensation replacement (if not a W-2 employee which would be included in above) is based on 2019 Schedule C net profits, line 31. Divide that number by 12 and multiply that number by 2.5 which is 10 weeks worth of net profits for 2019.
- Non-employer PPP loans are calculated solely from 2019 Schedule C (or Schedule F) net profits (as above). The maximum loan amount for non-employer borrowers is \$20,833.



Eligible PPP Expenses

- Payroll
- Utilities (gas, electricity, water, telephone, internet)
- Rent (real and personal property)
- Mortgage Interest

Choose between
8 or 24 week
covered period

New Eligible Expenses

- covered operations expenditure
- covered property damage cost
- covered supplier cost
- covered worker protection expenditure

60/40 rule still applies
Must spend at least 60% of
PPP loan on eligible payroll
expenses



Expanded Eligible PPP Expenses

- **PPE expenses**, covered worker protection and facility modification expenditures, including personal protective equipment, to comply with COVID-19 federal health and safety guidelines.
- **Property damage** costs due to public disturbances that occurred during 2020 that are not covered by insurance
- **Supplier expenditures** pursuant to a contract, purchase order, or order for goods in effect prior to taking out the loan that are essential to the recipient's operations at the time at which the expenditure was made. Supplier costs of perishable goods can be made before or during the life of the loan.
- **Operational payments** for software, cloud computing, and other human resources and accounting needs.



Additional Funding for EIDL Advance Grants

- \$20 billion for EIDL Advance grants.
- Eligibility: small businesses and nonprofits in low-income communities can receive \$10,000 grants.
- Any small businesses and nonprofits in low-income communities that received an EIDL Advance previously are also eligible to receive the full \$10,000 if their award was less in the first round of grants.

Employee Retention Tax Credit

- Extended to July 1, 2021
- Increase the fully refundable portion of qualified wages from 50% to 70%.
- Employers able to take the Employee Retention Tax Credit and participate in the PPP.

Extension of Paid Leave Credits

- Extends the refundable payroll tax credits through March 31, 2021. The mandate ends Dec. 31, 2020, but owners can still take advantage of the tax credit until March 31st. [**NFIB FFCRA Tax Credit Tip Sheet**](#)
- Allows self-employed individuals to use their average daily self-employment income from 2019, rather than 2020, for purposes of computing these credits.



Pandemic Unemployment Assistance

- Extends the Pandemic Unemployment Assistance (PUA) program, which provides continued unemployment assistance to the self-employed, freelancers, gig workers, part-time workers and other individuals in non-traditional employment.
- It also increases the number of weeks of PUA benefits an individual may claim, from 39 to 50.

Direct Stimulus Payments

Provides an additional round of Economic Impact Payments of

- \$600 for individuals earning up to \$75,000 per year,
- \$1,200 for couples making up to \$150,000 per year,
- \$600 payment for each child dependent.

Have questions?
Email us at
info@nfib.org

