

CARES 2.0 Summary

Updated 1/3/21

Timeline of PPP2:

- Expect Treasury and SBA to issue forms/guidance between 1/4/21 and 1/6/21
- PPP will go live – banks will begin accepting applications between 1/11/21 and 1/14/21

PPP2:

- First time recipients
 - 500 or less employees
 - Solo practitioners, independent contractors and self-employed individuals are eligible
 - Non-profits and churches are eligible
 - 501c(6) organizations are eligible (membership organizations)
- Second time recipients
 - 300 or fewer employees per physical location
 - Used or will use full amount of first draw
 - Must show a 25% revenue decline in any quarter compared to 2019 (there is still debate on how revenue here is being calculated – waiting on guidance).
 - accommodations and food service industry with NAICS code 72 can request 3.5x average monthly payroll
 - Loans are up to \$2M
 - Can choose between 8 weeks and 24 weeks for your covered period
- Overall PPP
 - Still 60% payroll and 40% nonpayroll
 - When calculating loan amount can use 2019 payroll of 12 months prior to application
 - EIDL does not reduce forgiveness
 - Expenses are deductible for federal tax purposes
 - Simplified loan forgiveness for loans under \$150K (no more than 1 page in length)
 - Additional eligible expenses (even for loans not forgiven from round 1)
 - PPE
 - Supplier costs – expenditures to a supplier pursuant to a contract, PO or order for goods in effect prior to taking out the loan that are essential to operations at the time made
 - Group life, disability insurance
 - Dental and vision insurance
 - Software
 - Cloud computing
 - HR and accounting expenses
 - Property damage costs related to public disturbances in 2020 not covered by insurance
 - Extension of time to restore salaries and FTEs to ?

- Special PPP for those in “Low to Moderate Income Areas” and Minority Owned Businesses
 - 10 or fewer employees
 - Loans up to \$250K
 - Specially set aside for small community banks, small credit unions, micro loan intermediaries, minority financial institutions
- Employer Retention Credit (ERC)
 - Applies to employers with 500 or fewer employees (up from 100)
 - Now can use for wages not paid for with PPP
 - Extended to 7/1/21
 - Increased to 70% of qualified wages (from 50%)
 - Capped at \$10K per quarter per employee
 - Decrease in gross receipts of 20% year over year (down from 50%)
 - Safe harbor to use prior quarter receipts to show eligibility (compared to prior year quarter)
 - Reduces employer taxes paid
- Shuttered Venue Operator Grant Program
 - Handled through the SBA to eligible live venue operators, promoters, theatrical producers, live performing arts organization operators, museum operators, motion picture theater operators, or talent representatives who demonstrate a 25% reduction in revenues
 - Must be used for payroll costs, rent, utilities, and PPE
 - For the first 14 days of the program, grants will be given only to those who see a 90% or greater revenue loss.
 - For the next 14 day period, grants will only be awarded to those who demonstrate a 70% reduction of revenue or greater
 - Then it opens to those with revenue loss between 25% and 70%
- Other SBA Loan Forgiveness – not EIDL loans (Section 7b)
 - Existing SBA loans under Section 7a and 504 Microloans can get up to 8 months of forgiveness
 - 3 months any industry
 - Additional 5 months if in the industries of food service and accommodations, arts, entertainment, recreation, education, and laundry and personal care services
 - Capped at \$9,000 per month
 - Do not need to prove you were impacted by COVID-19
 - Applies to existing and loans approved before 9/20/21 (new loans are 6 months of forgiveness)
- Paid Sick & Family Leave
 - Extended to 3/31/21
 - Still subject to limitation of days already used
 - Applied to Schedule C folks against self employment income (up to \$2K for taking care of kids and/or someone with Covid and up to \$5,110 if owner had Covid themselves (between 4/26/20 and 12/31/20)
- Other Items
 - 100% meals deduction until the end of 2022 (must take place at a restaurant)
 - Deferral of Social Security Taxes extended to March 2021 with pay back extended to the end of 2022. (does not relieve obligation)

- Employee Retention Tax Credit extended through 2026 – offers up to \$9,600 against taxes owed for hiring long term unemployed workers, those on welfare, and veterans. Extended to July 2021 for all others.
- Above the line charitable contribution extended through 2021 for \$600 MFJ and \$300 for other filers.