

TAX TIPS FOR SMALL BUSINESSES

2021 has been a challenging year for many small businesses. As we near year-end, we've compiled some issues for you to consider that may help in planning for your tax reporting.

Key tax considerations from recent tax legislation:

Employee Retention Credit (ERC):

The ERC encourages businesses to keep employees on their payroll during the pandemic. The ERC is a refundable payroll tax credit that may be claimed by eligible employers who pay qualified wages to qualifying employees. Changes were made with legislation to allow businesses to qualify for both Paycheck Protection Program (PPP) loans and the ERC.

Family and Sick Leave Credits:

The American Rescue Plan Act extended the family and sick leave credits to Sept. 30, 2021. These credits are intended to compensate employers and self-employed people for coronavirus-related paid sick and family and medical leave.

Small Business Administration (SBA) Loans:

Though the PPP ended on May 31, 2021, existing borrowers may be eligible for PPP loan forgiveness. Even though the PPP loan forgiveness is not taxable for federal purposes, there may be state implications. There are also other COVID-19 relief measures offered through the SBA.

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