

ECONOMIC AID ACT PASSED DEC 2020

The Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act provides designed funding to support small business impacted by COVID-19. While some components of the program are similar to the CARES Act passed in March 2020, there are some key differences.

✦ KEY FEATURES OF THE ACT

- Second Draw of Paycheck Protection Program Loan (PPP2)
- SBA Guaranteed Loan Debt Relief
- Resolves tax treatment of PPP Forgiveness and Debt Relief Payment
- Targeted COVID-19 Economic Injury Disaster Loan (EIDL) Advance
- Targeted Programs for: Hardest Hit Businesses & Disadvantaged Businesses

PPP2

Eligible Businesses:

- Must have experienced at least one quarter of 2020 with revenues >25% below corresponding 2019 quarter
- No more than 300 employees
- Must have or will use full amount of initial PPP loan funds (PPP1)
- Same business types as qualified for initial PPP loans
- Had to be in business on February 15, 2020

Loan Limit of \$2M and \$10 if combined with PPP1, based on:

- 2.5X average monthly 2019 payroll (same as PPP1)
- 3.5X if you're a business with a NAICS Code beginning in 72

PPP2 CHANGES

Additional Eligible Expenses:

- **Operations Expenditures** - software, cloud computing, HR and accounting expenses
- **Property Damage Costs** - repair expenses due to public disturbances not covered by your insurance.
- **Supplier Costs** - supplier costs essential to your business
- **Worker Protection Expenditure** - cost incurred to protect workers from COVID-19
- **Employer Provided Group Insurance** - can be included as payroll costs

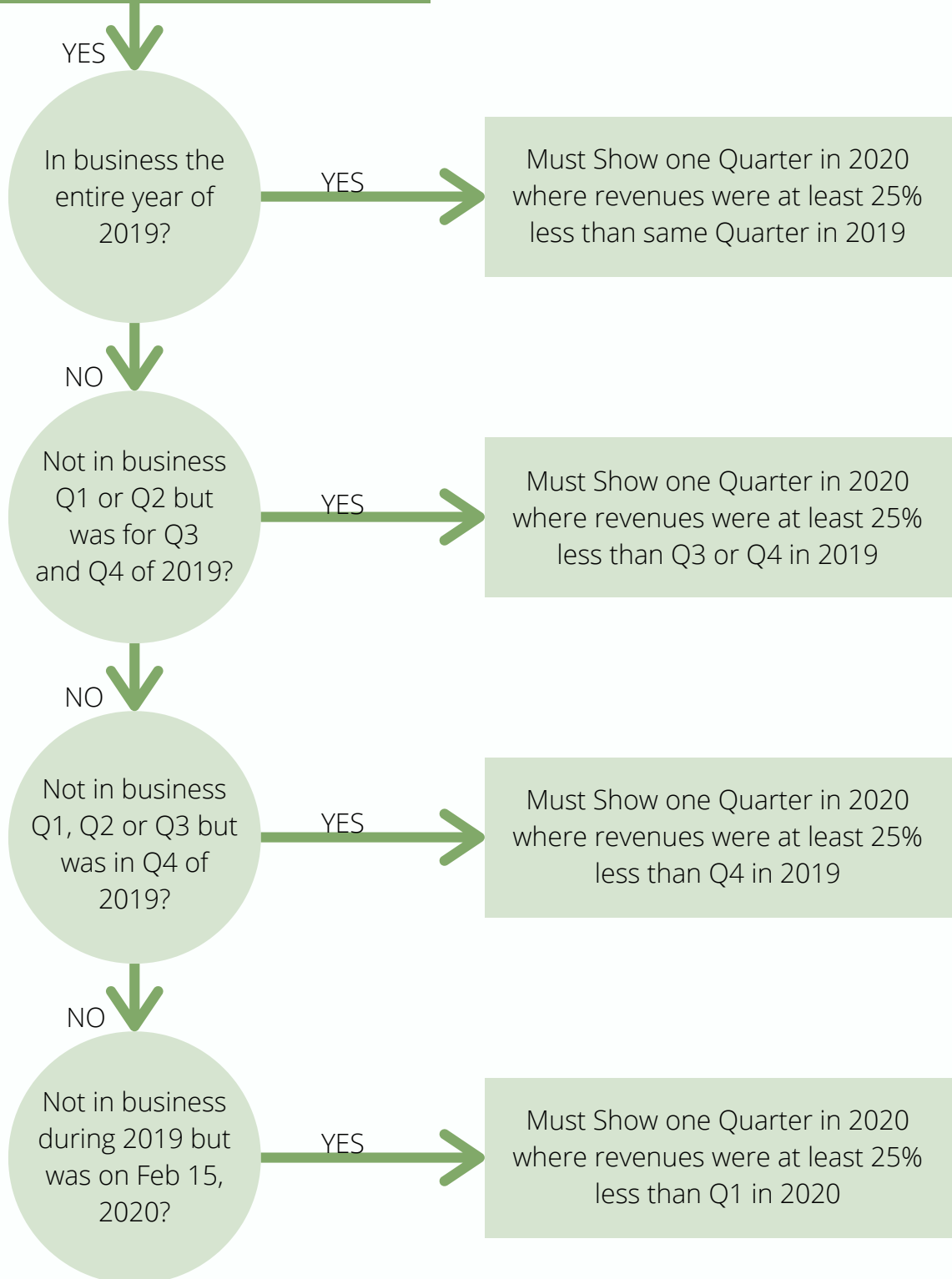
Loans available through Mar 31, 2021

✓ RESOLUTIONS OF TAX ISSUES:

- Expenses paid by PPP funds can be claimed as business expenses
 - Resolves the IRS and Treasury guidance that this would constitute 'double-dipping' and they couldn't be used as business expense
 - Makes the language retroactive 'as if it were included in the original CARES Act.'
- Debt relief payment of P&I will not be treated as income
 - Reverses recent guidance that required lenders to issue 1099 forms to borrowers benefiting from this program
 - Makes the language retroactive 'as if it were included in the original CARES Act'

ELIGIBLE BUSINESSES:

- In business on Feb 15, 2020
- <300 Employees



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