



HAYASHI | WAYLAND

December 28, 2020

To Our Valued Clients and Friends:

After months of deliberation, President Trump signed the Consolidated Appropriations Act, 2021 on Sunday which contains one of the largest relief packages in history at more than \$900 billion including COVID-19 relief for individuals and businesses.

A summary of the most significant updates incorporated in the bill include:

- Round two of stimulus checks (up to \$600 per adult and \$600 per child) for individuals and families
- Businesses may apply for a second PPP loan if they have used or will use the full amount of their first PPP loan, have less than 300 employees and saw their revenues fall by 30% in any quarter in 2020
- Unemployment benefits extended at \$300 a week for an additional 11 weeks
- Round two of an additional \$284 billion in the Paycheck Protection Program
- Expenses that the PPP loans can be used for expanded to include additional items, such as personal protective equipment expenses and facility modification expenditures
- The ability to deduct 100% of meals in 2021 and 2022
- A simplified loan forgiveness process for businesses that receive PPP loans of \$150,000 or less
- \$13 billion in funding that directly benefits agriculture
- The New Markets Tax Credit is extended for five years, through 2025.
- The Work Opportunity Tax Credit is extended five years, through 2025
- The bill also extends the refundable employer payroll tax credit for paid sick and family leave through March 2021, although the Families First Coronavirus Response Act (FFCRA) paid sick leave and family leave obligations were not extended and will expire on 12/31/20.
- Most significantly, the expenses paid with PPP loan proceeds will be tax deductible and the PPP loan will be tax free. **Note:** It is not certain whether California will conform to this law change.



Other Business Provisions include:

- Allowing workers to rollover unused funds in their health and dependent care flexible spending accounts.
- Expanding employer-provided education assistance to include student loan repayment.
- Providing employer tax credits for paid family and medical leave.
- Extending the employee retention tax credit.
- Delaying deferred payroll tax payments.

Click the links below for additional information from our RSM Alliance partners:

<https://rsmus.com/our-insights/coronavirus-aid-relief-and-economic-security-cares-act/coronavirus-relief-package.html>

<https://rsmus.com/what-we-do/services/tax/credits-and-incentives/capital-investment-incentive-planning/covid-19-relief-act-extends-and-improves-many-credits-and-incent.html>

Closing

As always, please do not hesitate to contact the HW partner or team member you work with for assistance or with any questions you may have. We are here to help and are committed to serving you as best we can at all times. On behalf of everyone here at Hayashi Wayland, I wish you health and peace of mind as we navigate through this challenging time.

Sincerely,



Michael Briley, CPA, CGMA
Managing Partner

