

## New relief package

The much talked about stimulus package was signed late Sunday night. It is a \$900 billion Covid-19 relief bill. Some aspects relate to 2020 and some to 2021.

## Highlights

It includes another stimulus check to individuals, although this one is currently at \$600. They are attempting to raise this amount as we write. Also \$600 for qualifying children. It will follow similar limitations and phase outs based on income as the first stimulus checks did. Remember this is **not** taxable income.

There is a \$300 weekly unemployment benefit enhancement in the package for 11 weeks. From the end of December through March 14, 2021. The workers covered have been expanded.

The employer credit for paid sick and family leave, part of the FFCRA (Families First Coronavirus Response Act) is extended through March 31, 2021. The employee retention tax credit, with modifications, is extended through June 30, 2021.

There will be a second round of PPP loans available. This round is limited to those with fewer than 300 employees that have seen drops of at least 25% of their revenue during the first, second or third quarter of 2020. The maximum loans are capped at \$2 million. Simplified loan forgiveness for under \$150,000.

Expenses that related to your PPP (Paycheck Protection Program) loan **will be** tax deductible. This includes businesses that have already had their loan forgiven. This is contrary to earlier reports.

Business meals and beverages, including carryout or delivery, provided by a restaurant will be 100% deductible for tax years 2021 and 2022. Meals are currently limited to 50% deductibility.

A temporary rule was included for health and dependent care flexible spending arrangements. It allows taxpayers to carry over unused benefits from either a healthcare or dependent care flexible spending accounts, up to the full annual amount from 2020 to 2021 and 2021 to 2022.

Gross income will not include forgiveness of EIDL loans, emergency EIDL grants and deductions are allowed for the applicable expenses.

There are many other areas addressed in this more than 5,000-page document. As indicated above, it can change and interpretations can change. We will keep you updated on new information.

If you have any questions regarding the new provisions, feel free to reach out.