December 2020 - $900 Billion COVID Relief Bill

Individuals

* Direct payments of $600 per person, including dependents under 17 years old.
* Phaseout begins at $75,000/$150,000.
* Payments are based on 2019 tax returns.
* Retired, disabled, and other non-filers may still receive a payment.
* Payments are already hitting bank accounts across the country.
* If family size or income has changed since 2019 returns, you will receive the additional funds on your 2020 returns.
* If you were paid too much, you do not need to pay it back.
* Anyone who died in 2020 or later is eligible for the stimulus.
* Stimulus payments are NOT subject to garnishments in most cases, including student loans and child support.

Payroll Taxes

* Payroll Tax Deferral – President’s EO in September 2020 – is extended to December 31, 2021, instead of April 30, 2021 as originally directed.
* Paid Leave Credits – under FFCRA – extended through March 31, 2021, instead of 12/31/20.

State & Local Governments

* Extends the deadline to spend CARES Act funds to December 31, 2021.

Unemployment Benefits

* $120 Billion in Unemployment Insurance
* Provides $300 per week for workers receiving unemployment benefits
* Gig workers and self-employed workers are eligible for jobless aid.
* Extends Pandemic Unemployment Assistance to March 14, after which no new applicants can apply, and phases out after April 5, 2021.
	+ Provides additional weeks of unemployment, with all benefits ending April 5, 2021
* Unemployment benefits increased to 50 weeks (up from 39)
* Provides $100 per week to certain workers who have both wage and self-employment income, but UI calculation does not account for self-employment earnings.
* Extends interest-free loans to states to March 14, 2021.
* Requires documentation of employment, rather than self-certification
* Requires states to have a place to report when someone turns down a job and must notify claimants of the requirements to accept suitable work.
* States may opt to provide an extra benefit of $100 per week for up to 11 weeks through March 14, 2021 for workers who have both wage and at least $5,000 of SE income in most recent taxable year.

Payroll & Labor-Related Provisions

* Families First Coronavirus Response Act (FFCRA) provided a refundable tax credit for mandated paid sick leave and family leave for private-sector employers with under 500 employees.
	+ Tax credits extended through March 31, 2021 for employers who continue to offer paid sick and family leave to their employees.
	+ DOES NOT extend FFCRA for public sector employers
	+ Federal mandate for state governments to provide emergency sick & family leave still set to expire on December 31, 2020.
	+ Allows private sector employers & self-employed individuals to claim credits for voluntarily providing emergency paid leave through March 31, 2021.
* CARES Act Employee Retention Credit offers payroll tax credits against wages for small businesses whose year-over-year gross receipts declined. The following changes are in effect from January 1 through June 30, 2021.
	+ Increase the credit rate from 50% to 70% of qualified wages.
	+ Expands eligibility for the credit by reducing year-over-year gross receipts decling from 50% to 20% and provides a safe harbor allowing employers to use prior quarter receipts to determine eligibility.
	+ Increase limits per employee wages from $10,000 per year to $10,000 per quarter.
	+ Increase the 100-employee limit to employers with 500 or fewer employees.

Small Business

* Provides $325 billion in small business funds
	+ $284 billion for first and second forgivable PPP loans
		- A small business can receive a second PPP loan if they have less than 300 employees and can demonstrate a revenue reduction of 25% in any quarter over the same quarter in 2019.
		- First time PPP borrowers will be subject to the program’s original eligibility rules.
		- Maximum loan amount reduced to $2 million.
		- Loan amount is based on 2.5 times average monthly payroll.
			* Lodging & food service industries are eligible up to 3.5 times average monthly payroll.
		- Forgiveness requires 60% of the loan is used on payroll. The remaining 40% may be used on eligible costs – same eligible costs as last round, but now includes PPE, supplier costs, operations (software), and property damage due to rioting
	+ $20 billion for new EIDL grants for businesses in low-income communities.
	+ $15 billion in funding for live venues, independent movie theaters, and cultural institutions.
	+ $3.5 billion for continued SBA debt relief payments
	+ $2 billion for enhancements to SBA lending
* **Businesses that received PPP loans would be able to take tax deductions for the expenses covered by forgiven loans**.
* Expands PPP eligibility for 501c7 nonprofits, including local newspapers, radio, and television broadcasters and destination marketing organizations.
* Where? Check with your bank to see if they are participating.
* Provides $15 billion for Community Development Financial Institutions and Minority Depository Institutions that provide credit and financial services to low-income and minority communities.
* When? The bill requires the SBA to establish regulations no later than 10 days after the legislation is signed into law.
* Simplified forgiveness for PPP loans under $150,000.
	+ One page certification attesting they complied with the program requirements