



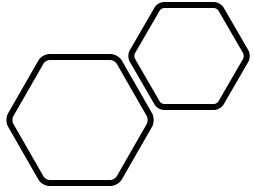
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CARES ACT 2.0 - PPP, EIDL, ERTC

Presented by Matthew Lescault and Cassandra Langley





Economic Aid Act

Signed into law on December 27th, 2020

- Additional Rulings on Economic Injury Disaster Loan/Advance
- Expanded Employee Retention Tax Credit
- Additional Funds for Payroll Protection Program Round 1
- Created Payroll Protection Program Round 2

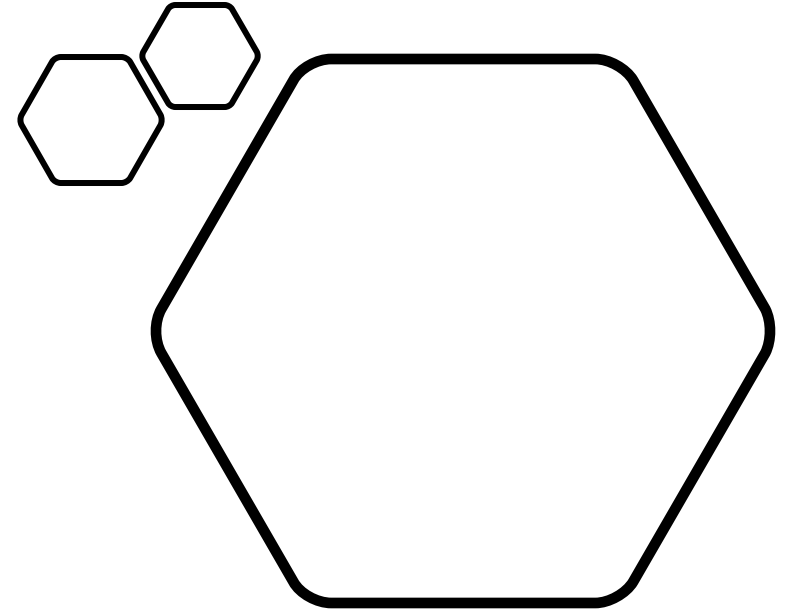
Economic Injury Disaster Loan (EIDL)

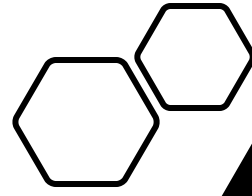
The purpose of the EIDL is to provide relief to businesses that are currently experiencing a loss of revenue due to Covid-19.

It provides a low interest, 30-year maturity loan.

Not forgivable.

Must have substantial economic injury.





EIDL (Continued)

- EIDL loans cannot be used for bonuses or S Corporation distributions.
- Typically, cannot be eliminated in bankruptcy proceedings.
- Loans taken between 01/31/2020 and 04/03/2020 can be rolled into Round 1 PPP loans. *(NEW)*

EIDL Advance/EIDL Targeted Grant

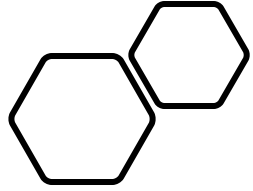
EIDL Advance (No Longer Available)

- Released with Cares Act.
- \$1,000/employee up to \$10,000 grant.
- Did not require EIDL approval to receive.
- Originally reduced amount of forgiveness for the PPP loan.

- Economic Aid Act has revised and the EIDL no longer reduces PPP forgiveness.
- Companies who have applied for PPP forgiveness with EIDL reduction should receive grant back from SBA totaling original EIDL Advance.

EIDL Targeted Grant:

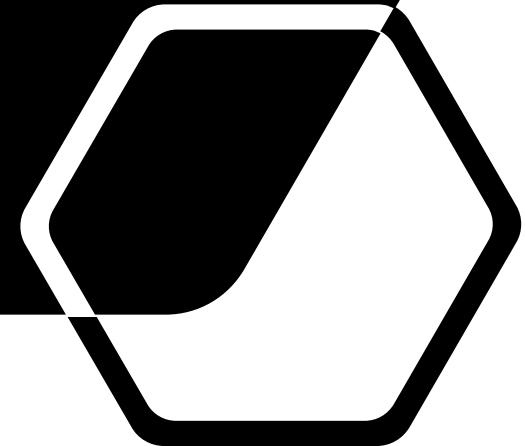
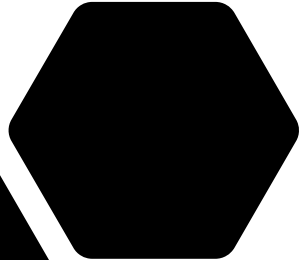
- Released with Economic Aid Act
- Only available to previous applicants that did not receive full \$10,000 grant due to decreased funding.
- **No application process** – SBA reaches out directly to those that qualify.
- Additional Requirements:
 - Low Income Community.
 - 30% revenue reduction.
 - Fewer than 300 employees.



Employee Retention Tax Credit (ERTC)

Three versions of the ERTC:

- 2020
- 2021
- Disaster Relief – applies to either or both years for non-COVID related events (not addressed)



ERTC 2020

- Equal to 50% of W2 employees' payroll in a qualified period up to \$5,000 annually per employee.
- Must meet 50% revenue drop OR shut down as non-essential by local government.
- PPP applicants previously disallowed, new ruling has eliminated this restriction.
- May retroactively apply for 2020 credits.
- Additional limits for companies over 100 employees.

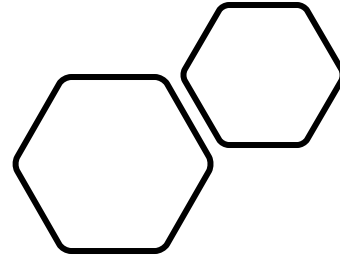


ERTC 2021

- Only applies to 2021 payroll.
- Equal to 70% of payroll up to \$7,000/quarter/employee. Max \$14K per employee.
- May still apply if received 2020 credits.
- Must meet 20% revenue drop OR shut down as non-essential by local government.
- May elect to receive credits in advance instead of waiting for 941 filing.
- Additional limitations raised to 500 employees.

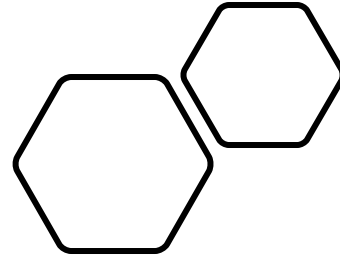


Updates to PPP Round 1



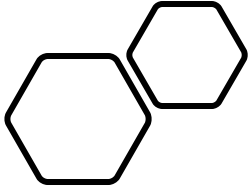
- Additional funds released for new applicants.
- Partnerships may get PPP for both payroll costs AND partnership income (K-1).
- Tips qualify for payroll cost calculations.
- Group insurance considered payroll cost.
- New expenses allowed:
 - PPE and expense for employee safety
 - Operational expenses (software and subscriptions)
 - Civil unrest property damage (not covered by insurance)
 - Necessary supplier cost (requires pre-dated contract)
- Expenses used for forgiveness still tax deductible.
- Official ruling that ANY DATE between 8 and 24 weeks can be used – do not need to choose either/or.

PPP Round 2



PPP Round 2 has much of the same requirements as Round 1 with just a few additional notes:

- Must have received and completely used PPP1
- < 300 employees
- Cannot be associated with Lobbying or business in China
- Must show 25% gross revenue reduction
- Can use 2019 OR 2020 payroll amounts for application



Additional Notes

- **Necessity Requirement**
- **Shuttered Venue Grant**
- **Bankruptcy issues**
- **Section 531**



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Questions?

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