

### **JJ THE CPA**

SEMINAR SERIES

Focused on Employers

Emphasis on

PPP 2.0

PPP 1.0 Forgiveness

Payroll Tax Credits

Also covering

EIDL

**EIDL Grant** 

New tax provisions

1/8/2021



# JJ THE CPA presents

### EMPLOYER'S STIMULUS SEMINAR

THANK YOU FOR YOUR BUSINESS!

YOU'VE NEVER MET A
CPA QUITE LIKE

JJ THE CPA

SUBSCRIBE TO MY YOUTUBE CHANNEL
"JJ THE CPA"
OVER 52,000 SUBSCRIBERS OVER 3.6 MILLION VIEWS

#JJtheCPA

1/8/2021

# ONLY ONE DATE & ONE TIME

Sunday 1/9 3:00 pm cst only

#### MONTHLY STRATEGY SEMINAR

JJ's January Strategies Seminar:

THIS MONTH I WILL COVER

PPP 2, New Tax Credits & Tax

Deductions, Stimulus

Implementation, Estimated Tax

Payments, Banking, Loans,

Credit, Insurance, Retirement,

Budgeting & More

2 Hours + 1 Hour of Q&A

Only \$97

ONE TIME ONLY

JJ's January Strategy Seminar: More Than Just Stimulu

NEW MONTHLY SERIES
WHAT I SHARE WITH MY CLIENTS,
I DON'T SHARE ON YOUTUBE!

JJ's Seminar Specifically for the
Self-Employed
Covering PPP Forgiveness,
PPP 2.0
& Tax Credits
for the SCHEDULE C FILER
ONE DAY ONLY

**SELF EMPLOYED PPP Forgiveness, PPP 2 & Tax Credits** 

Saturday 1/9 10:00 am cst & 2:00 pm cst

### **NEXT 2 SEMINARS**

HERE ARE YOUR MATERIALS FOR THE SEMINAR

JJ THE CPA'S EMPLOYER SEMINAR POWERPOINT PDF

CHECKLIST for Employers Seminar

SBA WEB PAGE ON ALL THINGS PPP 1 & PPP 2

1/8/2021

# SEMINAR MATERIALS www.JJtheCPA.com/EmployerTools

THANKS SO MUCH FOR ATTENDING!

### Joshua Jenson, CPA aka "JJ THE CPA"

JJ has over 27 years of public accounting experience in the area of tax, specializing in LLC, partnership, S corporation, and related individual tax matters. He is managing partner of Jenson & Company, CPAs, P.C., which he founded over 23 years ago.

JJ THE CPA has traveled to over 50 cities in the last 18 months, presenting tax courses to thousands of fellow CPAs covering the latest tax laws and strategies on behalf of Surgent.

Joshua is also a licensed insurance professional specializing in life insurance, both permanent and term, as well as disability income insurance. He has own insurance practice, Jenson Insurance.

JJ has authored 2 books AVAILABLE ON AMAZON, "JJ THE CPA HERE!" AND "CRACKING THE CPA CODE." THE FIRST BOOK reveals the top 60 questions from his clients, and his solutions, over his 27 years in practice covering issues related to banking, business structure, insurance, and taxes. THE SECOND BOOK PROVIDES THE SECRET OF HOW TO GET REFERRALS FROM CPA's.

Joshua Jenson, CPA is a licensed CPA in Oklahoma and Texas, and a member of the American Institute of CPAs, Oklahoma Society of CPAs.

He has his insurance license in Oklahoma. JJ served as the past Chairperson of the OSCPA Educational Foundation and was named CPA of the year by his CPA peers. Joshua is a 1993 graduate of Abilene Christian University where he earned is accounting degree.

JJ the CPA has OVER 52,000 SUBSCRIBERS AND OVER 3.6 million views on his YouTube channel "JJ THE CPA," and is heavily represented on social media, with daily postings, including daily videos released on everything dealing with money.

Search #JJTHECPA to find him ON ANY SOCIAL MEDIA PLATFORM.

# OF DOCUMENTS SUGGESTED FOR THE SEMINAR, OR WHEN YOU PREPARE ANY OF THESE DOCUMENTS



Employer's Seminar Checklist
PPP 2, PPP 1 Forgiveness, Payroll Tax Credits Checklist

#### **DISCLAIMER OF THE OBVIOUS:**

DISCLAIMER APPLICABLE TO ALL INFORMATION CONTAINED IN THIS WEBINAR, APPLICABLE TO ALL MATERIALS AND ANYTHING STATED.

I AM A CPA, BUT I AM NOT YOUR CPA UNLESS YOU'VE SIGNED A WRITTEN ENGAGEMENT LETTER WITH MY PRACTICE THAT I HAVE ALSO ACCEPTED AND SIGNED, AND YOU HAVE PAID MY PRACTICE A FEE THAT HAS BEEN ACCEPTED AS A FEE. YOUR VIEW OF THIS INFORMATION AND ANY INTERACTION WE MAY HAVE DOES NOT CONSTITUTE A PROFESSIONAL RELATIONSHIP IN ANY MANNER OR CAUSE ME TO BE CONSIDERED YOUR CPA OR ANY TYPE OF ADVISER. YOUR FEE PAID TO ME OF \$97 IS NOT A FEE TO RETAIN MY OR MY CPA FIRM'S SERVICES AND IS ONLY TO ATTEND THIS WEBINAR AND RECEIVE THE APPLICABLE MATERIALS. YOU MUST CONSULT WITH YOUR OWN TAX ADVISER AND LEGAL COUNSEL BEFORE YOU ACT. I AM SPECIFICALLY TELLING YOU, DO NOT RELY ON ANY ADVICE YOU BELIEVE I HAVE PROVIDED, BUT USE IT AS A GUIDE ON HOW TO FOLLOW UP AND INTERACT WITH YOUR OWN QUALIFIED ADVISERS AS I AM SIMPLY PROVIDING INFORMATION TO POINT A PERSON IN A DIRECTION THAT ONLY LEADS THEM TO SEEK ADVICE FROM THEIR QUALIFIED ADVISER(S) BEFORE IMPLEMENTING ANYTHING OR ACTING. ANY INFORMATION IN THIS WEBINAR IS INTENDED FOR INFORMATIONAL PURPOSES AND FOR GENERAL GUIDANCE ONLY AND MUST NEVER BE CONSIDERED A SUBSTITUTE FOR ADVICE PROVIDED BY YOUR TAX ADVISER. ATTORNEY OR OTHER APPLICABLE ADVISERS AS THE INFORMATION IN THIS WEBINAR DOES NO CONSTITUTE ADVICE WHATSOEVER, WHETHER TAX, LEGAL, FINANCIAL OR OTHERWISE. UNDER NO CIRCUMSTANCES WILL I BE RESPONSIBLE FOR OR LIABLE IN ANY WAY FOR ANY CONTENT, INCLUDING BUT NOT LIMITED TO, ANY ERRORS, ACCURACY, MISUNDERSTANDINGS OR OMISSIONS IN ANY CONTEN. THIS WEBINAR IS ONLY EFFECTIVE AS OF 1/8/2021, EVEN IF YOU ASSUMED A LATER DATE. I WILL NOT BE ABLE TO INFORM YOU OF ANY CHANGES TO ANY OF THE INFORMATION AFTER 1/8/2021. I ACCEPT NO RESPONSIBILITY TO DELETE, UPDATE, CHANGE OR OTHERWISE CORRECT ANY INFORMATION PROVIDED IN THIS WEBINAR, WHETHER, PAST, PRESENT OR FUTURE, OR PROVIDE SUCH NOTICES OF THESE ACTIONS. THERE ARE NO REPRESENTATIONS OF ANY KIND CONCERNING THE ACCURACY OR SUITABILITY OF THE INFORMATION CONTAINED IN THIS WEBINAR. THE IRS DICTATES THAT UNDER CIRCULAR 230 YOU CANNOT RELY ON THE PERCEIVED ADVICE ON THIS WEBSITE TO REDUCE DOWN YOUR PENALTIES. THIS IS NOT ADVICE. THIS IS FOR INFORMATIONAL PURPOSES ONLY. I SHALL NOT BE LIABLE FOR ANY DIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL, INDIRECT, PUNITIVE, ANY LOSS OF PROFITS OR REVENUES, ASSESSMENT OR COST OF TAX, PENALTIES, INTEREST WHETHER INCURRED DIRECTLY OF INDIRECTLY. AND ANY OTHER DAMAGES ARISING OUT OF ACCESS TO OR USE OF ANY CONTENT AVAILABLE ON THIS WEBINAR OR LINKS, REGARDLESS OF YOUR UNDERSTANDING, SUITABILITY, THE ACCURACY OR COMPLETENESS OF ANY SUCH CONTENT. I DISCLAIM ANY CONTROL OVER, RELATIONSHIP WITH, OR ENDORSEMENT OF VIEWS EXPRESSED BY ANYTHING PROVIDED BY A LINK, IT'S ADVERTISERS AND/OR OTHER USERS, AS LINKED ARE PROVIDED ONLY AS A CONVENIENCE. AND I SHALL NOT BE RESPONSIBLE FOR ANYTHING PROVIDED BY SUCH PERSONS OR ENTITIES IN OR BY ANY LINK.

All Effective 1/8/2021

# THINGS CHANGE! STAY UP TO DATE!

CONGRESS, IRS, SBA, U.S. TREASURY, ETC. CHANGE RULES, REGULATIONS, ETC. ALL THE TIME.

#### STAY UP TO DATE!

This seminar is based on what is known as of 1/8/2021

# SUBMIT YOUR QUESTIONS WHEN INDICATED IN THE SEMINAR, WHICH WILL BE NEAR THE END.

PLEASE NOTE, DUE TO TIME CONSTRICTIONS

- IT WILL BE FIRST SUBMITTED BASIS OF ANSWERING QUESTIONS STARTING WHEN I INDICATED TO SUBMIT QUESTIONS.
- IF YOU SUBMIT QUESTIONS BEFORE THAT TIME, IT IS LIKELY TO GET OVERLOOKED BECAUSE WE WILL NOT START TRACKING QUESTIONS UNTIL THE TIME I INDICATE. THAT TIME WILL BE MADE VERY CLEAR!
- I WILL ONLY BE ABLE TO ANSWER QUESTIONS ABOUT THE SUBJECT MATTERS PRESENTED TODAY

# PLEASE AVOID POLITICAL OR NEGATIVE COMMENTS ABOUT THE STIMULUS

I UNDERSTAND WE ALL HAVE POLITICAL OPINIONS THAT ALSO AFFECT YOUR VIEW OF THIS LATEST STIMULUS. WHILE I APPRECIATE THAT, PLEASE REFRAIN FROM SHARING YOUR OPINIONS HERE AS WE SIMPLY DON'T HAVE TIME FOR IT AND THIS IS NOT THE SETTING FOR IT.

I RECOGNIZE THE STIMULUS MAY NOT BE ENOUGH IN SOME AREAS, AND SOME MAY THINK IT IS TOO MUCH IN OTHERS, HOWEVER, IF YOU ARE UNHAPPY WITH THIS STIMULUS, PLEASE ALSO REFRAIN FROM PROVIDING YOUR OPINION ABOUT IT.

IF YOU DECIDE TO NOT ADHERE TO THESE REQUESTS, PLEASE NOTE WE WILL REMOVE YOU FROM THE ZOOM SEMINAR AND YOU CAN WATCH THE REMAINDER OF THE ZOOM SEMINAR WHEN YOU RECEIVE THE LINK TO RE-WATCH IT. NO REFUND WILL BE PROVIDED, AS YOU WILL STILL GET THE FULL VIDEO AND ALL THE MATERIALS, AND THE OPPORTUNITY TO ATTEND THE FREE FOLLOW UP SEMINAR.

I AM CONFIDENT WE WON'T HAVE ANY ISSUES, HOWEVER, I WOULD STILL LIKE TO NOTE THIS.

I APPRECIATE IT!

# NEW TAX "CREDITS" OUT OF THE SECURE ACT! MANY ARE NOT AWARE OF!

#### **YOU ARE NOW!**

- SMALL EMPLOYERS WHO START AN EMPLOYER PENSION PLAN GET AN UP TO \$5,000 PER YEAR TAX CREDIT,
   EACH YEAR, FOR THE FIRST 3 YEARS (UP TO \$15,000 IN TAX CREDITS)
  - LIMITED TO QUALIFIED EXPENSES TO START UP THE PLAN WITH A LIMITATION OF
  - THE GREATER OF \$500 OR
  - THE LESSER OF \$5,000
  - OR \$250 MULTIPLIED BY THE NUMBER OF NON-HIGHLY COMPENSATED EMPLOYEES ELIGIBLE FOR THE PLAN
- FOR SMALL EMPLOYERS WITH EXISTING PLANS, \$500 TAX CREDIT FOR OFFERING AUTOMATIC ENROLLMENT

# Again, thank you for coming!

# TAX AVOIDANCE: using the tax laws to reduce your tax (avoid tax)

TAX EVASION: AVOIDING THE TAX LAWS TO REDUCE TAX (EVADE TAX)
ILLEGAL

TAX LOOPHOLE: using the tax laws to reduce your taxes

TAX FRAUD: IGNORING THE TAX LAWS TO REDUCE YOUR TAXES

### SETTING THE STAGE!

- WE WILL ONLY BE ADDRESSING FEDERAL INCOME TAXES (NOT STATE TAXES)
- UNLESS STATED OTHERWISE
  - THE CASH BASIS OF ACCOUNTING IS ASSUMED
  - THE TAX BASIS WILL BE CASH BASIS
- MANY EXAMPLES WILL BE USING SIMPLE MATH
  - IF A TAX AMOUNT IS INDICATED, WHILE IT COULD BE THAT THE TAX ENCOMPASSES MANY DIFFERENT TAX RATES AND POSSIBLY NET OF CREDITS, THE BASICS SHOULD BE ASSUMED

### SET THE STAGE WITH A WORD ON "LLC'S"

- SPECIFICALLY TO PPP 1 OR 2, YOU MUST GRASP THIS TO ENSURE YOU APPLY PROPERLY
- LLC'S ARE A LEGAL DESIGNATION, NOT A TAX CLASSIFICATION
  - AN LLC CAN BE TAXED AS ANYTHING & CAN BE
    - S-CORP
    - C-CORP
    - PARTNERSHIP
    - SOLE-PROPRIETOR FILING SCHEDULE C OR F.
    - OWN REAL ESTATE AND FILE SCHEDULE E
    - DISREGARDED ENTITY
    - SINGLE MEMBER
- A SINGLE MEMBER LLC IS SIMPLY AN LLC OWNER BY ONE MEMBER, NOT A TAX CLASSIFICATION
  - A SINGLE MEMBER LLC CAN BE A C-CORP, S-CORP, SCHEDULE C, F OR E OR DISREGARDED

# SET THE STAGE WITH A WORD ON SELF-EMPLOYED IN THE TAX & FINANCIAL WORLD

- SPECIFICALLY TO PPP 1 & 2, YOU MUST GRASP THIS TO ENSURE YOU APPLY PROPERLY
- SELF-EMPLOYED IS <u>NOT</u> SOMEONE WHO SIMPLY OWNS THEIR OWN BUSINESS
- SELF-EMPLOYED IS NOT AN EMPLOYEE OF THEIR BUSINESS
  - SELF-EMPLOYED CANNOT PAY THEMSELVES W-2 WAGES.
  - PULLING MONEY FROM YOUR SEPARATE BUSINESS ACCOUNT IS NOT CONSIDERED PAYROLL (EVEN IF YOU CALL IT PAYROLL)
- SELF-EMPLOYED IS TYPICALLY FILES SCHEDULE C OR F WITH THEIR INDIVIDUAL TAX RETURN
- SELF-EMPLOYED HAS NET INCOME SUBJECT TO SELF-EMPLOYMENT TAX.
- SELF-EMPLOYMENT TAX IS 15.3% & TYPICALLY ASSESSED ON THE NET INCOME FROM SCHEDULE C, SCHEDULE F.
  - SOMETIMES ON THE "SELF-EMPLOYMENT EARNINGS" FROM A SCHEDULE K-1 FROM A PARTNERSHIP
- S-CORPS & PARTNERSHIPS DO NOT PAY FEDERAL INCOME TAXES, THE OWNERS DO
  - THAT DOES NOT MAKE THE OWNERS "SELF-EMPLOYED" BECAUSE THEY ARE NOT
- S-CORP & C-CORP OWNERS ARE SPECIFICALLY NOT CONSIDERED SELF-EMPLOYED
  - WHETHER THE OWNERS RECEIVES WAGES AND/OR DISTRIBUTIONS/DIVIDENDS DOESN'T CHANGE THAT
- IT IS IMPORTANT TO BE AWARE OF THESE DISTINCTIONS WHEN APPLYING FOR PPP 2.0 AND/OR SEEKING ADVICE

# TAX DEDUCTION VS. TAX CREDIT WHICH IS BETTER?

#### A TAX DEDUCTION REDUCES YOUR TAXABLE INCOME

- \$10,000 TAX DEDUCTION IN OUR EXAMPLE SAVE SOMEONE \$3,200 IN TAXES IF THEY ARE IN THE TAX
   RATE OF 32%
- WHY? HOW? BECAUSE BY REDUCING TAXABLE INCOME IT REDUCED THE AMOUNT SUBJECT TO THE TAX RATE BY 32%

#### A TAX CREDIT REDUCES TAX... DOLLAR FOR DOLLAR

\$10,000 TAX CREDIT WOULD REDUCE DOWN THE TOTAL TAX BY \$10,000

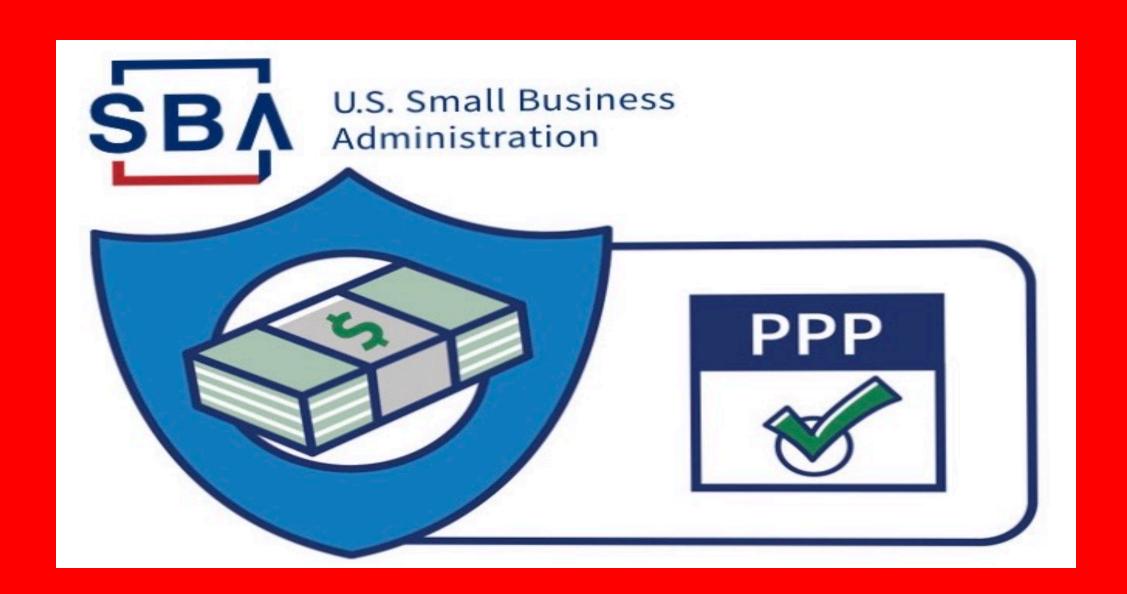
#### A TAX CREDIT IS USUALLY BETTER THAN A TAX DEDUCTION

• IF YOU GET A TAX CREDIT AND A TAX DEDUCTION ON THE SAME EXPENSE, THE EXPENSE WILL BE REDUCED (FOR TAX PURPOSES) BY THE AMOUNT OF TAX CREDIT



# CONSOLIDATED APPROPRIATIONS ACT RECENT STIMULUS ACT

BECAUSE THE ACT IS 5,593
PAGES LONG (pdf) AND
HAS "CONSOLIDATED"
MANY PROVISIONS
TOGETHER, THROUGH OUT
THE SEMINAR MATERIALS,
ANY PAGE NUMBERS
REFERENCED WILL BE THE
PAGE NUMBER OF THE PDF
PROVIDED, TO FIND THE
LANGUAGE IN THE ACT



# PPP 1.0 FORGIVENESS TAX AFFECT & EIDL GRANT AFFECT

- PRIOR LAW
  - PPP FORGIVENESS IS NOT INCOME
  - EMPLOYERS: AMOUNT OF PPP FORGIVENESS REDUCES TAX DEDUCIONS (DRIVING UP NET TAXABLE INCOME)
  - EMPLOYERS: <u>CANNOT</u> DEDUCT THE AMOUNT OF PPP FORGIVEN
  - PPP FORGIVENESS REDUCED BY THE EIDL GRANT RECEIVED

- THE STIMULUS SIGNED INTO LAW
  - PPP FORGIVENESS STILL NOT INCOME
  - EMPLOYERS: ZERO REDUCTION OF TAX DEDUCTIONS FOR AMOUNT OF PPP FORGIVENESS (NO TAX AFFECT)
  - EMPLOYERS: CAN NOW DEDUCT THE AMOUNT OF PPP FORGIVEN (IN YEAR SPENT)
  - PPP FORGIVENESS DOES NOT GET REDUCED BY THE EIDL GRANT RECEIVED
  - NEW: IRS RELEASED REV. RUL. 2021-02 ON JAN 6<sup>TH</sup> CONFIRMING IT WILL FOLLOW THE NEW LAW AND THE PRIOR IRS NOTICES, IRS REV. RUL. & IRS REV. PROC. ARE CANCELLED AND OTHERWISE OBSOLETE

# PPP 1.0 vs 2.0 (PAYCHECK PROTECTION PROGRAM)

- PRIOR LAW (PPP 1.0 NEW CAN RE-APPLY THROUGH 3/31/21)
- LOAN BASED ON 2.5 TIMES
  - 2019 PAYROLL (EMPLOYERS)
  - 2019 SCHEDULE C (SELF-EMPLOYED)



- 60% INTENDED FOR PAYROLL COSTS
  - FORGIVENESS LIMITED TO AMOUNT THAT WOULD INCLUDE 60% FOR PAYROLL
- 8 OR 24 WEEKS TO USE LOAN (BORROWER'S CHOICE)
- 1% INTEREST POSSIBLY COMPOUNDED
- REPAYMENT EITHER 2 **OR** 5 YRS ON NONFORGIVENESS
- COVERED USES: PAYROLL COSTS, RENT, UTILITIES, INTEREST

- THE STIMULUS SIGNED INTO LAW (PPP 2.0)
- LOAN BASED ON 2.5 TIMES (NEW 3.5 IF NAICS STARTS #72)
  - HIGHER OF (NEW)
  - 2019 or 2020 PAYROLL (EMPLOYERS)
  - 2019 or 2020 SCHEDULE C (SELF-EMPLOYED)
- 60% INTENDED FOR PAYROLL COSTS
  - FORGIVENESS LIMITED TO AMOUNT THAT WOULD INCLUDE 60% FOR PAYROLL NEW: INCLUDES GROUP LIFE, GROUP DISABILITY INSURANCE, GROUP DENTAL, GROUP VISION BENEFITS PAID BY THE EMPLOYER)
- 8 OR 24 WEEKS TO USE LOAN (BORROWER'S CHOICE)
- 1% INTEREST NOT COMPOUNDED
- 5 YRS ON REPAYMENT OF NONFORGIVENESS.
- COVERED USES: PAYROLL COSTS (INCLUDING THE NEW PAYROLL COSTS LISTED ABOVE, RENT, UTILITIES, INTEREST, AS WELL AS CERTAIN OPERATIONS EXPENDITURES, CERTAIN PROPERTY DAMGE, CERTAIN SUPPLIER COSTS, CERTAIN WORKER PROTECTION EXPENSES

# PPP 1.0 and 2.0 (Paycheck Protection Program) FORGIVENESS TREATED THE SAME

- THE STIMULUS LAW (PPP 1.0)
  - PPP FORGIVENESS STILL NOT INCOME
  - EMPLOYERS: ZERO REDUCTION OF TAX DEDUCTIONS FOR AMOUNT OF PPP FORGIVENESS (NO TAX AFFECT)
  - PPP FORGIVENESS DOES NOT GET
     REDUCED BY THE EIDL GRANT RECEIVED

- THE STIMULUS LAW (PPP 2.0)
  - PPP FORGIVENESS STILL NOT INCOME
  - EMPLOYERS: ZERO REDUCTION OF TAX DEDUCTIONS FOR AMOUNT OF PPP FORGIVENESS (NO TAX AFFECT)
  - PPP FORGIVENESS DOES NOT GET REDUCED
     BY THE EIDL GRANT RECEIVED

# NEW PPP 1.0 IS OPEN FOR "RE-APPLYING"

- ONLY APPLIES IF THE NEW RULES OR LATER RULES WOULD HAVE PROVIDED A LARGER PPP 1.0
- THIS IS NOT "CAN I GET SOME MORE"
- IT APPEARS AT THIS TIME THE LATEST PPP 1.0 RULES & FORM STILL APPLY
- NEED TO ALREADY HAVE AN EXISTING PPP 1.0 LOAN
- CANNOT HAVE ALREADY RECEIVED FORGIVENESS ON PPP 1.0 LOAN
- BIGGEST WAY SOMEONE BENEFITS FROM THIS IS A FARMER/RANCHER THAT GOT PPP 1.0 USING SCHEDULE F AS THE NEW GUIDELINES ALLOW THIS APPLICANT TO NOW BASE THE PPP 1.0 LOAN ON THE "GROSS RECEIPTS" REFLECTED ON SCHEDULE, NOT THE "NET INCOME"

### NEW

PPP 2.0 & RE-APPLYING FOR PPP 1.0 ENDS 3/31/2021

PPP 2.0 EXPECTED TO OPEN 1/11-1/14





### TO OBTAIN PPP LOAN 2.0

- IMMEDIATELY YOU NEED TO DO THESE 3 THINGS.
  - 1. CONTACT YOUR BANK & MAKE SURE THEY ARE PARTICIPATING IN PPP 2. IF NOT, FIND ANOTHER BANK. (I DO NOT HAVE A LIST OF WHO IS PARTICIPATING)
  - 2. ENSURE YOU QUALIFY WITH THE 25% REDUCTION IN GROSS RECEIPTS TEST
  - 3. DETERMINE HOW MUCH PPP 2.0 YOU QUALIFY FOR
    - OBTAIN YOUR 2019 AND 2020 PAYROLL COSTS
    - OR FOR SELF-EMPLOYED YOUR 2019 SCHEDULE C AND
    - 2020 EITHER SCHEDULE C OR EXPECTED NET INCOME ON 2020 SCHEDULE C
- WHEN SBA RELEASES THE APPLICATION, APPLY IMMEDIATELY

### APPLYING FOR PPP 2.0 – FORM 2483-SD

SIMPLIFIED FOR UP TO \$150,000 LOANS

BORROWER MAY SUBMIT A CERTIFICATION IT MEETS THE REVENUE LOSS REQUIREMENT & ATTEST TO THE AMOUNT NEEDED

HOWEVER, THE BORROW MUST SUBMIT DOCUMENTATION WHEN APPLYING FOR FORGIVENESS THAT IT MET ALL REQUIREMENTS TO QUALIFY FOR THE LOAN; REGARDLESS OF PPP 2.0 LOAN AMOUNT

NOTE: OVER \$150,000 AT FORGIVENESS APPLICATION TIME, NOT ONLY WILL YOU HAVE TO SHOW YOU USED PPP 2 ON COVERED EXPENSES, BUT YOU ALSO QUALIFIED TO GET PPP 2 BY THE AT LEAST 25% DROP IN REVENUE REQUIREMENT.

### PPP LOAN 2.0 PROVISIONS

**NEW: APPLY WITH FORM 2483-D (NOT AVAILABLE AT THIS MOMENT)** 

EMPLOYS NOT MORE THAN 300 EMPLOYEES

BASED ON PAYROLL COSTS. MONTHLY AVERAGE MULTIPLIED BY 2.5

ENTITIES WITH NAICS THAT BEGIN WITH 72

THE FACTOR IS 3.5 (THAT MEANS MONTHLY AVERAGE PAYROLL COSTS MULTIPLIED BY 3.5

**NEW:** BORROWER GETS TO CHOOSE PAYROLL COSTS

BASED ON THE HIGHER OF 2019 OR 2020

SEASONAL: AVERAGE MONTHLY BASED ON 12 WEEKS PERIOD BETWEEN 2/15/19 & 2/15/20

**NEW: IF BASING PPP 2.0 ON 2019 (NOT 2020)** 

BORROWER DOESN'T HAVE TO PROVIDE ANY DOCUMENTATION WHEN APPLYING FOR

IF USING THE SAME LENDER AS PPP 1.0

**NEW: IF BORROWER IN BUSINESS ALL 4 QUARTERS OF 2019** 

CAN USE CALENDAR YEAR FOR 25% REDUCTION IN GROSS RECEIPTS TEST

IF 2020 IS 25% OR MORE... LESS... THAN 2019, CAN USE ANNUAL AMOUNTS FOR THE TEST

MUST THEN BE BASED ON TAX RETURNS FILED WITH IRS <u>AT TIME OF FORGIVENESS</u>

1/8/2021

### PPP LOAN 2.0 PROVISIONS

NEW: GROSS RECEIPTS ARE BASED ON WHAT IS REPORTED AS GROSS RECEIPTS ON THE TAX RETURN BORROWERS TAX BASIS IS USED ONLY REDUCTION ALLOWED IS FOR "RETURNS & ALLOWANCES"

NEW ENTITIES: DEFINED AS "DID NOT EXIST" DURING 1 YEAR PERIOD PRECEDING 2/15/20

CLARIFIED AS STILL TRUE: MUST HAVE EXISTED ON 2/15/2020

DIVIDE TOTAL PAYROLL COSTS BY THE NUMBER OF MONTHS IT HAD PAYROLL

MULTIPLIED BY 2.5

NEW: A BUSINESS PERMANTLY CLOSED CANNOT APPLY, EVEN IF THEY RECEIVED PPP 1.0

NEW: MADE CLEAR BY SBA, PPP 1.0 DOES NOT NEED TO BE FORGIVEN

THE APPLICATION FOR PPP 1.0 FORGIVENESS DOES NOT NEED TO BE SUBMITTED BEFOREHAND

### PPP LOAN 2.0 PROVISIONS

NEW: BORROWER CERTIFIES THEY HAVE USED (OR WILL USE) ALL PPP 1.0

NEW: MADE CELAR PPP 1.0 PROCEEDS OR EIDL GRANTS ARE NOT CONSIDERED GROSS RECEIPTS FOR 25% TEST (NOT INCOME OTHERWISE)

MAX PPP 2.0 LOAN IS \$2 MILLION

ALL BORROWERS (LIKE PPP 1.0) WILL BE SHARED IN A MANNER MADE PUBLIC OF LOAN AMOUNT

\$2 BILLION SET ASIDE FOR 60 DAYS FOR EMPLOYERS WITH NOT MORE THAN 50 EMPLOYEES

# PPP LOAN 2.0 FORGIVENESS PROVISIONS

IF PPP 2.0 LOAN AMOUNT IS \$150,000 OR LESS
ONLY DOCUMENTATION REQUIRED AT TIME OF FORGIVENESS
IS PROOF OF THE 25% LESS GROSS RECEIPTS TEST

# NAICS CODES STARTING WITH 72

#### SEE LINK WITH MATERIALS AS WELL

Codes	<u>Titles</u>
72	Accommodation and Food Services
7211	Traveler Accommodation
721110	Hotels (except Casino Hotels) and Motels
721120	Casino Hotels
721191	Bed-and-Breakfast Inns
721199	All Other Traveler Accommodation
7212	RV (Recreational Vehicle) Parks and Recreational Camps
721211	RV (Recreational Vehicle) Parks and Campgrounds
721214	Recreational and Vacation Camps (except Campgrounds)
7213	Rooming and Boarding Houses, Dormitories, and Workers' Camps
721310	Rooming and Boarding Houses, Dormitories, and Workers' Camps

7223	Special Food Services
722310	Food Service Contractors
722320	Caterers
722330	Mobile Food Services
7224	Drinking Places (Alcoholic Beverages)
722410	Drinking Places (Alcoholic Beverages)
7225	Restaurants and Other Eating Places
722511	Full-Service Restaurants
722513	Limited-Service Restaurants
722514	Cafeterias, Grill Buffets, and Buffets

SEE LINK PROVIDED DIRECTLY or https://www.naics.com/six-digit-naics/?code=72

# PPP 2: HOW YOU DO THE ANALYSIS IF NOT IN BUSINESS A FULL YEAR IN 2019

IF NOT IN BUSINESS THE 1<sup>ST</sup> OR 2<sup>ND</sup> QUARTERS OF 2019

COMPARE 1<sup>ST</sup>, 2<sup>ND</sup>, 3<sup>RD</sup> & 4<sup>TH</sup> QUARTERS 2020 TO 3<sup>RD</sup> & 4<sup>TH</sup> QUARTER 2019

IF THERE IS AT LEAST A 25% DROP

AS COMPARED EACH 2020 QUARTER TO 3<sup>RD</sup> & 4<sup>TH</sup> 2019 QUARTERS

IF NOT IN BUSINESS THE 1<sup>ST</sup>, 2<sup>ND</sup> OR 3<sup>RD</sup> QUARTERS OF 2019

COMPARE 1<sup>ST</sup>, 2<sup>ND</sup>, 3<sup>RD</sup> & 4<sup>TH</sup> QUARTERS 2020 TO 4<sup>TH</sup> QUARTER 2019

IF THERE IS AT LEAST A 25% DROP

AS COMPARED EACH 2020 QUARTER TO 4<sup>TH</sup> 2019 QUARTERS

IF NOT IN BUSINESS IN 2019, BUT IN BUSINESS ON FEBRUARY 15, 2020

COMPARE 1<sup>ST</sup>, 2<sup>ND &</sup> 3<sup>RD</sup> QUARTERS 2020 TO 1<sup>ST</sup> QUARTER 2020

IF THERE IS AT LEAST A 25% DROP

AS COMPARED EACH 2<sup>ND</sup>, 3<sup>RD</sup> OR 4<sup>TH</sup> 2020 QUARTERS TO 1<sup>ST</sup> QUARTER 2020

# PPP 2.0 – THE CHECKLIST JJ PROVIDED

- \_\_ Your PPP 1.0 application, loan document or at least the loan amount
  - If you are confident your PPP 1.0 amount was correct, you don't need the following related to 2019
- \_\_ 2019 Form W-3 and Forms W-2
- \_\_ 2019 Employer paid health insurance *per employee* (amount after any amount paid by the employee)
- \_\_ 2019 Unemployment taxes paid to the state for 2019 (the 2019 reports would be best)
- \_\_ 2019 Employer paid retirement paid per employee Have available for all employees. Any employee that was paid via a W-2. Everyone.

### PPP 2.0 – THE CHECKLIST JJ PROVIDED

\_\_ Payroll Costs for 2020

You get the higher calculation of either 2019 or 2020 Regardless of your confidence in your PPP 1.0 amount or if you skip the above, you need this If you pulled documents for the PPP 1.0 forgiveness, this is similar

- \_\_ 2020 Form W-3 and Forms W-2
- \_\_ 2020 Employer paid health insurance per employee (amount after any amount paid by the employee)
- \_\_ 2020 Unemployment taxes paid to the state for 2020 (the reports would be best)
- \_\_ 2020 Employer paid retirement paid per employee
  If something is not available, have your annual payroll amounts for each employee for 2020
  Gross payroll before taxes, retirement or other reductions are withheld

# PPP 2.0 – THE CHECKLIST JJ PROVIDED

- \_\_ Number of employees as of now (the date of application) full-time and part-time If you have part-time employees, know their average hours per week
- \_\_ If the ownership has changed since PPP 1.0 and there are difference owners of 20% or more Have those new owners name, title, ownership %, ID# and address

  If the ownership is the same, you can obtain that from the PPP 1.0 loan application

## PPP 2.0 – THE CHECKLIST JJ PROVIDED

- \_\_ Gross Receipts by Quarter for 2019 and 2020 (I have updated the checklist and replaced "income" with "receipts."
- Many will find this amount from their Profit & Loss Statement (Income Statement or P&L)
  - If you don't have that available, you will need to extract from you bank statements your gross receipts
- If you were not in business any of the quarters, bring what you have available
- At this time, it appears the SBA will be basing it on your true gross receipts, not gross profit (net of cost of goods sold)
  - It is possible, not probable, the SBA choosing allow for some exceptions. SBA guidelines are needed to know
- What is NOT gross receipts: Loan proceeds, PPP 1.0 proceeds, money you loaned the company
  - If you received a grant from a state, local or otherwise, you will need to review if that grant has been deemed gross income, which should have been clearly communicated. With every grant being different, I would not know
  - If you collected or reduced payroll deposits for any payroll tax credits in the calendar year of 2020, the IRS has clearly stated the credit is deemed to be included in gross income. If you collect the credit in 2021, unless the IRS indicates otherwise, I would consider that a 2021 amount of gross income, if you are on the cash basis of accounting for tax purposes.

### PPP 2.0 – THE CHECKLIST JJ PROVIDED

This is the gross income of the business, and the method to be used is on a *calendar basis* and your *tax basis* of accounting.

To be clear you need the following quarters gross income.

If you already know the quarter where your gross receipts has declined, then just have the information for it

If you do not have 4<sup>th</sup> quarter 2020 available, either bring an estimate or later do the analysis when you do

1<sup>st</sup> quarter **2019 AND 2020** (January – March) 2<sup>nd</sup> quarter **2019 AND 2020** (April – June) 3<sup>rd</sup> quarter **2019 AND 2020** (July – September) 4<sup>th</sup> quarter **2019 AND 2020** (October – December)

## PPP 2.0 – THE CHECKLIST JJ PROVIDED

\_\_\_ 2019 Tax Return for the business, one of these below (Your Tax Structure Determines Calculations)

You may have already pulled this with the PPP 1.0 forgiveness checklist

S-Corporation (Form 1120-S) with all Schedule K-1s or

C-Corporation (Form 1120) or

Partnership (Form 1065) with all Schedule K-1s or

Sole Proprietor (Schedule C, File with Individual Tax Return)
Same as Self-Employed, Independent Contractor, Gig Worker

Farmer or Rancher (Schedule F, Filed with Individual Tax Return)

#### U.S. Income Tax Return for an S Corporation Form 1120-S OMB No. 1545-0123 ▶ Do not file this form unless the corporation has filed or 2019 is attaching Form 2553 to elect to be an S corporation. Department of the Treasury ▶ Go to www.irs.gov/Form1120S for instructions and the latest information. Internal Revenue Service For calendar year 2019 or tax year beginning 2019, endina . 20 A S election effective date D Employer identification number TYPE B Business activity code Number, street, and room or suite no. If a P.O. box, see instructions. E Date incorporated OR number (see instructions) PRINT City or town, state or province, country, and ZIP or foreign postal code F Total assets (see instructions) C Check if Sch. M-3 attached G Is the corporation electing to be an S corporation beginning with this tax year? No If "Yes," attach Form 2553 if not already filed H Check if: (1) Final return (2) Name change (3) Address change (4) Amended return (5) Selection termination or revocation J Check if corporation: (1) Aggregated activities for section 465 at-risk purposes (2) Grouped activities for section 469 passive activity purposes Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information Returns and allowances 3 Gross profit. Subtract line 2 from line 1c . . . . . . 3 4 Net gain (loss) from Form 4797, line 17 (attach Form 4797) 4 5 6 7 Compensation of officers (see instructions—attach Form 1125-E) 8 Salaries and wages (less employment credits) Repairs and maintenance . . . . . . . . . . . . . 10 11 Taxes and licenses . . . . . . . . . . 12 13 13 Interest (see instructions) 14 Depreciation not claimed on Form 1125-A or elsewhere on return (attach Form 4562) 15 15 Depletion (Do not deduct oil and gas depletion.) . . . . . . . . . 16 16 17 18 Other deductions (attach statement) 19

20

21

Total deductions. Add lines 7 through 19

Former and approximation and IEO approximation (and instructions)

20

21

-	1065			U.S. Return of Partnership Inc	ome	OMB No. 1545-0123
rom I UUU		•	For cal	endar year 2019, or tax year beginning, 2019, ending	, 20 .	@@4
epartr	est information.	2019				
		e Service iness activity		Name of partnership	est information.	D Employer identification numb
		,				. ,
Princ	ipal prod	luct or service	or	Number, street, and room or suite no. If a P.O. box, see instructions.		E Date business started
Bus	iness co	de number	Print	City or town, state or province, country, and ZIP or foreign postal code		F Total assets (see instructions)
						\$
CI	neck ap	plicable bo	xes:	(1) Initial return (2) Final return (3) Name change	(4) Address change	(5) Amended return
				(1) Cash (2) Accrual (3) Other (specify)	<b></b>	
Νι	umber (	of Schedule	s K-1. A	attach one for each person who was a partner at any time during the	ne tax year ▶	
Cl	neck if	Schedules	C and M	-3 are attached		▶ [
Cł	neck if p	artnership:	(1)	Aggregated activities for section 465 at-risk purposes (2) Grou	ped activities for section 469	passive activity purpose
auti	on: In	clude <b>only</b>	trade	or business income and expenses on lines 1a through 22 b	elow. See instructions fo	r more information.
	1a	Gross red	ceipts o	r sales	1a	
	b	Returns a	and allo			
	С	Balance.	Subtra		1c	
D C	_	Coot of g	oodo o	ald (attach Form 1125 A)		2
	3	Gross pro	ofit. Sul	[	3	
псоше	4	Ordinary	income	(loss) from other partnerships, estates, and trusts (attach s	statement)	4
=	5	Net farm	profit (	oss) (attach Schedule F (Form 1040 or 1040-SR))	[	5
	6	Net gain	(loss) fr	om Form 4797, Part II, line 17 (attach Form 4797)	[	6
	7	Other inc	ome (lo	oss) (attach statement)	[	7
	8			oss). Combine lines 3 through 7		8
	9			ges (other than to partners) (less employment credits)		9
ousi	10			ments to partners		10
g g	11			ntenance		11
	12	Bad debt	s		[	12
SI SI	13	Rent			[	13
CIO	14			ses	[	14
SIL	15	Interest (	see inst	[	15	
<u>∈</u> 8	16a	Deprecia	tion (if	16a		
Š.	b				16b	16c
Ĕ	17			ot deduct oil and gas depletion.)		17
Ĕ	18			s, etc		18
Ĭ	19			it programs	-	19
Jeductions (see instructions for limitations)	20			s (attach statement)	-	20
-	21			ns. Add the amounts shown in the far right column for lines		21
	22					22

		of the Treasury	lendar year 2019 or tax year beginning , 2019, ending	, 20		2019
	nal Reve	nue Service	► Go to www.irs.gov/Form1120 for instructions and the latest information Name		nployer i	dentification numb
		ited return orm 851) . Type				
bμ	ife/nonlif	le consoli-	Number, street, and room or suite no. If a P.O. box, see instructions.	C Dat	e incorp	orated
	lated retu	nolding co. PRINT				
(8	attach So	th. PH)	City or town, state or province, country, and ZIP or foreign postal code	D Tot	al assets	(see instructions)
	ersonal s see instru					3
4 S	chechde !	4-3 attached E Cho	sk if: (1) Initial sature (2) Final sature (3) Name change	(4)	Addron	o chango
	1a	Gross receipts or sal	es		_	
	b	Returns and allowan			_	
	С	Balance. Subtract li			1c	
	2		ttach Form 1125-A)		2	
_	3	Gross profit. Subtra			3	
Income	4		ons (Schedule C, line 23)		4	
9	5	Interest			5	
-	6	Gross rents			6	
	7 8	Gross royalties .			8	
	9		me (attach Schedule D (Form 1120))		9	
	10		n Form 4797, Part II, line 17 (attach Form 4797)		10	
	11	Total income. Add	,		11	
_	12		cers (see instructions—attach Form 1125-E)		12	
deductions.)	13		ess employment credits)		13	
čţi	14	Repairs and mainten			14	
륯	15	Bad debts			15	
ğ	16	Rents			16	
8	17	Taxes and licenses			17	
ion	18	Interest (see instruct	ons)		18	
ita	19	Charitable contributi	ons		19	
for limitations on	20	Depreciation from Fo	rm 4562 not claimed on Form 1125-A or elsewhere on return (attach Form 4562	2)	20	
ō	21	Depletion			21	
ons	22				22	
cţi	23	Pension, profit-shari	•		23	
stru	24	Employee benefit pro			24	
Ë.	25	Reserved for future u			25	
Se	26	Other deductions (at			26	
Deductions (See instructions	27		dd lines 12 through 26	▶	27	
iţio	28		re net operating loss deduction and special deductions. Subtract line 27 from li	ne 11	28	
ğ	29a		duction (see instructions)		-	
Φ	b	opecial deductions (	Schedule C, line 24)			I

#### SCHEDULE C OMB No. 1545-0074 **Profit or Loss From Business** (Form 1040 or 1040-SR) (Sole Proprietorship) 2019 ► Go to www.irs.gov/ScheduleC for instructions and the latest information. Department of the Treasury Attachment Internal Revenue Service (99) Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partnerships generally must file Form 1065. Sequence No. 09 Name of proprietor Social security number (SSN) Principal business or profession, including product or service (see instructions) B Enter code from instructions D Employer ID number (EIN) (see instr. Business name. If no separate business name, leave blank. Business address (including suite or room no.) City, town or post office, state, and ZIP code Accounting method: (1) ☐ Cash (2) ☐ Accrual (3) ☐ Other (specify) ▶ Did you "materially participate" in the operation of this business during 2019? If "No," see instructions for limit on losses If "Yes," did you or will you file required Forms 1099? . Part I Income Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked . . . . . . . . . . . . Other income, including federal and state gasoline or fuel tax credit or refund (see instructions) . . . 7 Gross income. Add lines 5 and 6 . Part II Expenses. Enter expenses for business use of your home only on line 30. 18 Office expense (see instructions) 8 Advertising . . . . . 19 Pension and profit-sharing plans Car and truck expenses (see 20 Rent or lease (see instructions): instructions). . . . . Commissions and fees . 10 a Vehicles, machinery, and equipment 20a Contract labor (see instructions) 11 b Other business property . . . 12 Depletion . . . . . 21 Repairs and maintenance . . . 13 Depreciation and section 179 22 Supplies (not included in Part III) 22 expense deduction (not 23 Taxes and licenses . . . . . included in Part III) (see instructions) . . . . . 24 Travel and meals: a Travel . . . . . . . . . 14 Employee benefit programs b Deductible meals (see (other than on line 19). Insurance (other than health) instructions) . . . . . . . Interest (see instructions): 25 Utilities . . . . . . . . . Mortgage (paid to banks, etc.) 26 Wages (less employment credits) . **b** Other . . . . . . 27a Other expenses (from line 48) . . . 17 Legal and professional services 17 b Reserved for future use . . . 28 Total expenses before expenses for business use of home. Add lines 8 through 27a . . . . . . . . . ▶ 30 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method (see instructions). Simplified method filers only: enter the total square footage of: (a) your home: . Use the Simplified and (b) the part of your home used for business: Method Worksheet in the instructions to figure the amount to enter on line 30 31 Net profit or (loss). Subtract line 30 from line 29. . If a profit, enter on both Schedule 1 (Form 1040 or 1040-SR), line 3 (or Form 1040-NR, line 13) and on Schedule SE, line 2. (If you checked the box on line 1, see instructions). Estates and

#### SCHEDULE F (Form 1040 or 1040-SR)

#### **Profit or Loss From Farming**

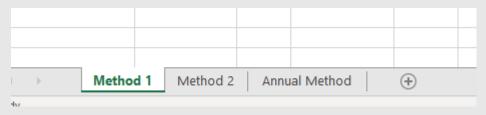
0MB No. 1545-0074 2019

lonarin	nent of the Treasury	Attach to Fo	rm 1040, Form	1040-SR, Form 104	10-NR, Form 1	041, or Form 10	065.		,
	Revenue Service (99)	► Go to ww	w.irs.gov/Sche	eduleF for instruction	ns and the la	test information		Attachment Sequence No. 1	4
lame o	f proprietor						Social secu	rity number (SSN)	
					_				
A Prir	ncipal crop or activity	/		de from Part IV	_	ting method:	D Employer	r ID number (EIN) (see	e instr.)
			<b>•</b>		_	n Accrual			Щ
		icipate" in the operation		-					No
		ents in 2019 that wou						= =	No
		you file required Form						. Yes	No_
							II and III	and Part I line 9	<u></u>
1a		and other resale items		,		1a	-		
ь		of livestock or other				1b		4.	
С		m line 1a						1c	
2 3a		produce, grains, and utions (Form(s) 1099-		a	3b Tax	able amount		3b	
va 4a		m payments (see instr	, –	a		able amount .	· · ·	4b	
5a		Corporation (CCC) lo	_			able amount .	–	5a	
b	-	d		b		able amount .	· · · -	5c	
6		ceeds and federal cro		-					
a	Amount received in			a	)	able amount .	Г	6b	
c		to 2020 is attached, c	heck here .			ount deferred fro		6d	
7	Custom hire (mach	ine work) income .						7	
8		uding federal and state				ons)	[	8	
9	Gross income. Ac	dd amounts in the rig	tht column (line	es 1c, 2, 3b, 4b, 5a	. 5c. 6b. 6d. 7	7, and 8). If you	use the		
		ter the amount from						9	
Part	Farm Expe	nses—Cash and A	ccrual Meth	od. Do not include	e personal or	living expense	s. See inst	ructions.	
10		expenses (see		23	Pension and	profit-sharing pla	ns	23	
	instructions). Also a	attach Form 4562	10	24		(see instructions			
11	Chemicals		11	a		hinery, equipme	-	24a	
12		ses (see instructions)	12	ь		nimals, etc.)	-	24b	
13	Custom hire (mach	ine work)	13	25		naintenance		25	
14		ection 179 expense		26	•	ants		26	
	(see instructions)		14	27	_	warehousing .		27	
15		rograms other than	45	28 29			-	28	
10	on line 23 Feed		15	30			· · · ⊢	30	
16 17	Fertilizers and lime		17	30		eeding, and med	_	31	
18	Freight and trucking		18	32	Other expens	-	ionie .	V.	
19	Gasoline, fuel, and	-	19	32 a				32a	
20	Insurance (other the		20	b				32b	
21	Interest (see instruc			c				32c	
а.	Mortgage (paid to b		21a	d				32d	
b	Other		21b	e				32e	
		mployment credits)	22	f				32f	
22								_	
33		dd lines 10 through 3	2f. If line 32f is	negative, see instruc	tions		. •	33	

# LET'S START BY SEEING IF YOU QUALIFY WITH THE 25% REDUCTION IN GROSS RECEIPTS TEST

OPEN EXCEL SPREADSHEET CALLED "PPP 2 GROSS RECEIPTS ANALYSIS"

THE EXCEL SPREADSHEET HAS THREE (3) WORKSHEETS
FIND THEM AT THE BOTTOM OF THE SPREADSHEET
SHOULD LOOK LIKE THIS BELOW TO SELECT METHOD



NOTE ON OPENING THE EXCEL SPREADSHEET

THE WORKSHEET HAS BEEN LOCKED (PROTECTED)
YOU CAN UNLOCK (UNPROTECT) IT UNDER THE "REVIEW" TAB
IN THE "REVIEW" TAB YOU CAN SELECT "UNPROTECT"

THERE IS NO PASSWORD

IF YOU UNLOCK, ANY CHANGES ARE OF YOUR OWN

CHECK ALL CALCULATIONS.

THIS WAS NOT PROVIDED TO PROVIDE EXCEL FORMULA'S FOR YOUR CALCULATIONS.

**EXAMPLE PURPOSES ONLY.** 

## PPP LOAN 2.0 – AT LEAST 25% DROP IN GROSS RECEIPTS 2020 QUARTER COMPARED TO SAME 2019 QUARTER

STEP 1
IF EASIER TO START WITH
MONTHLY

OBTAIN MONTHLY GROSS SALES FOR 2019 AND 2020

	2019	2020
January	11,000	12,000
February	10,000	11,000
March	9,000	5,000
April	15,000	2,000
May	12,000	5,000
June	6,000	9,000
July	20,000	16,000
August	14,000	18,000
September	13,000	14,000
October	10,000	15,000
November	5,000	16,000
December	19,000	14,000
Total	144,000	137,000

Reduction in Gross Sales Analysis & Calculation

PROVIDED
WITH EXCEL
FILE PROVIDED
LABELED
"PPP 2 GROSS
RECEIPTS
ANALYSIS"

## PPP LOAN 2.0 – AT LEAST 25% DROP IN GROSS RECEIPTS 2020 QUARTER COMPARED TO SAME 2019 QUARTER

THE RELOW ARE CALCULATIONS FROM

STEP 2

DETERMINE QUARTERLY GROSS RECEIPTS FOR 2019 AND 2020

THE BELOW ARE	CALCULATION	NS FRO	IVI
AMOUNTS ABOV	E. ONLY ENTE	R AMO	UNTS ABOVE
	2019		2020
Quarter 1	30,000		28,000
Quarter 2	33,000		16,000
Quarter 3	47,000		48,000
Quarter 4	34,000		45,000
Total	144,000		137,000

PROVIDED
WITH EXCEL
FILE PROVIDED
LABELED
"PPP 2 GROSS
SALES
RECEIPTS"

#### PPP LOAN 2.0 – AT LEAST 25% DROP IN GROSS RECEIPTS

2020 QUARTER COMPARED TO SAME 2019 QUARTER METHOD 1\*

STEP 3 (METHOD 1)\*

DETERMINE IF ONE QUARTER IS AT LEAST 25% LESS IN GROSS RECEIPTS FROM 2019 TO 2020, SAME QUARTER TO SAME QUARTER

PROVIDED WITH EXCEL FILE PROVIDED LABELED "PPP 2 GROSS RECEIPTS ANALYSIS"

CALCULATIONS FR	ROM		
E. ONLY ENTER AM	MOUNTS ABOVE		
			Percentage
2019	2020	Difference	Difference
30,000	28,000	(2,000)	-6.67%
		AT	LEAST 51.5204
33,000	16,000		-51.52%
47,000	48,000	1,000	2.13%
34,000	45,000	11,000	32.35%
144,000	137,000		
	2019 30,000 33,000 47,000 34,000	30,000 28,000 33,000 16,000 47,000 48,000 34,000 45,000	ZE. ONLY ENTER AMOUNTS ABOVE  2019  2020  Difference  30,000  28,000  (2,000)  AT 2  47,000  48,000  1,000  34,000  11,000

#### METHOD 1 TAB IN EXCEL SHEET

\*METHOD'S DON'T CHANGE RESULTS. ONE IS NOT BETTER THAN THE OTHER.
THE METHODS PROVIDED ARE MATHMATICAL, NOT METHODS PER THE STIMULUS ACT.

#### PPP LOAN 2.0 – AT LEAST 25% DROP IN GROSS RECEIPTS

## 2020 QUARTER COMPARED TO SAME 2019 QUARTER METHOD 2\*

STEP 3 (METHOD 2)\*

DETERMINE IF ONE QUARTER IS AT LEAST 25% LESS IN GROSS RECEIPTS FROM 2019 TO 2020, SAME QUARTER TO SAME QUARTER

PROVIDED WITH EXCEL FILE PROVIDED LABELED "PPP 2 GROSS RECEIPTS ANALYSIS"

THE BELOW ARE CALCULATIONS FROM									
AMOUNTS AB	OVE. ONLY EN	NTER AMOUNTS	ABOVE	3					
	2019	2020		75% of 2019					
Quarter 1	30,000	28,000		22,500					
			0000 1500						
Quarter 2	33,000	16,000	2020 LESS THAN	24,750					
			2019						
Quarter 3	47,000	48,000		35,250					
Quarter 4	34,000	45,000		25,500					
Total	144,000	137,000							

IF 2020 IS

MORE THAN

THE 75%

COLUMN, IT

IS NOT

DOWN AT

LEAST 25%.

IF 2020 IS
LESS THAN
THE 75%
COLUMN, IT
IS DOWN AT
LEAST 25%

#### METHOD 2 TAB IN EXCEL SHEET

\*METHOD'S DON'T CHANGE RESULTS. ONE IS NOT BETTER THAN THE OTHER. THE METHODS PROVIDED ARE MATHMATICAL, NOT METHODS PER THE STIMULUS ACT.

#### PPP LOAN 2.0 – AT LEAST 25% DROP IN GROSS RECEIPTS

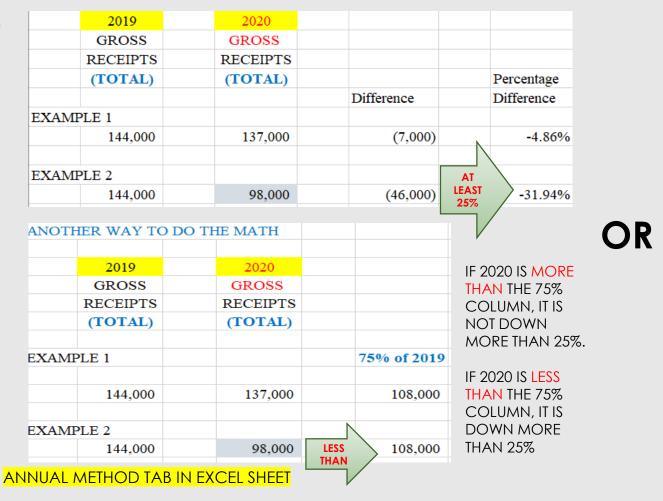
2020 ANNUAL COMPARED TO 2019 ANNUAL

**ANNUAL METHOD** 

STEP 3 (ANNUAL METHOD)\*

DETERMINE IF 2020 IS MORE THAN 25% LESS IN GROSS SALES FROM 2019 TO 2020, SAME QUARTER TO SAME QUARTER

PROVIDED WITH EXCEL FILE PROVIDED LABELED "PPP 2 GROSS SALES ANALYSIS"



\*THIS IS TO SIMPLY THE APPLICATION PROCESS. IF YOU DON'T QUALIFY FOR THE ANNUAL METHOD, YOU MAY UNDER THE QUARTERLY METHODS.

THE METHODS PROVIDED ARE MATHMATICAL, NOT METHODS PER THE STIMULUS ACT.

# "PAYROLL COSTS" PPP LOAN 2.0 S-CORPORATION (FORM 1120S) INCLUDES

GROSS PAYROLL FOR EACH EMPLOYEE

**BEFORE PRE-TAX DEDUCTIONS** 

BOX 5 OF FORM W-3 IS TYPICALLY THE MOST PURE PAYROLL AMOUNT FORM W-3 IS AN ANNUAL REPORT THAT IS THE TOTAL OF ALL FORM W-2s

NO MORE THAN \$100,000 OF PAYROLL PER EMPLOYEE INCLUDED

THAT MAXIMUM IS THE SAME FOR THE SHAREHOLDERS

PLUS: EMPLOYER PAID HEALTH INSURANCE

THIS IS IN ADDITION TO THE EMPLOYEES GROSS PAYROLL

EXCLUDING THE AMOUNT PAID BY THE EMPLOYEE ULTIMATELY

EXCLUDING THE AMOUNT FOR THE 5% OR MORE SHAREHOLDER

BE SURE THE AMOUNT OF HEALTH INSURANCE FOR THE 5% OR MORE SHAREHOLDER IS INCLUDED IN WAGES (STILL NOT TO EXCEED \$100,000 TOTAL WAGES). CAN ONLY INCLUDE IF THE AMOUNT IS REPORTED IN WAGES)

PLUS: EMPLOYER PAID RETIREMENT CONTRIBUTIONS

THIS IS IN ADDITION TO THE EMPLOYEES GROSS PAYROLL

THIS INCLUDES THE 5% OR MORE SHAREHOLDER

# "PAYROLL COSTS" PPP LOAN 2.0 C-CORPORATION (FORM 1120) INCLUDES

GROSS PAYROLL FOR EACH EMPLOYEE

BEFORE PRE-TAX DEDUCTIONS

BOX 5 OF FORM W-3 IS TYPICALLY THE MOST PURE PAYROLL AMOUNT FORM W-3 IS AN ANNUAL REPORT THAT IS THE TOTAL OF ALL FORM W-2s

NO MORE THAN \$100,000 OF PAYROLL PER EMPLOYEE INCLUDED

THAT MAXIMUM IS THE SAME FOR THE SHAREHOLDERS

PLUS: EMPLOYER PAID HEALTH INSURANCE

THIS IS IN ADDITION TO THE EMPLOYEES GROSS PAYROLL

EXCLUDING THE AMOUNT PAID BY THE EMPLOYEE ULTIMATELY

**INCLUDING** THE AMOUNT FOR THE 5% OR MORE SHAREHOLDER

PLUS: EMPLOYER PAID RETIREMENT CONTRIBUTIONS

THIS IS IN ADDITION TO THE EMPLOYEES GROSS PAYROLL

THIS INCLUDES THE 5% OR MORE SHAREHOLDER

# "PAYROLL COSTS" PPP LOAN 2.0 PARTNERSHIP (FORM 1065) INCLUDES

GROSS PAYROLL FOR EACH EMPLOYEE

**BEFORE PRE-TAX DEDUCTIONS** 

BOX 5 OF FORM W-3 IS TYPICALLY THE MOST PURE PAYROLL AMOUNT FORM W-3 IS AN ANNUAL REPORT THAT IS THE TOTAL OF ALL FORM W-2s NO MORE THAN \$100,000 OF PAYROLL PER EMPLOYEE INCLUDED

PARTNERS CANNOT BE PAID W-2 WAGES FROM A PARTNERSHIP

PLUS: FOR THE PARTNERS: AMOUNT OF SELF-EMPLOYMENT EARNINGS AS REPORTED ON SCHEDULE K-1, BOX 14. NO MORE THAN \$100,000

PLUS: EMPLOYER PAID HEALTH INSURANCE

THIS IS IN ADDITION TO THE EMPLOYEES GROSS PAYROLL

EXCLUDING THE AMOUNT PAID BY THE EMPLOYEE ULTIMATELY

PLUS: EMPLOYER PAID RETIREMENT CONTRIBUTIONS

THIS IS IN ADDITION TO THE EMPLOYEES GROSS PAYROLL

## CALCULATING PPP LOAN 2.0 AMOUNT BASED ON W-2 WAGES

2019 PAYROLL COSTS

DIVIDED BY 12 MULTIPLIED BY 2.5

**OR** 

2020 PAYROLL COSTS (LAST 12 MONTHS FROM THE MONTH IN WHICH YOU ARE APPLYING)
DIVIDED BY 12 MULTIPLIED BY 2.5

AT YOUR OPTION, YOU CAN CHOOSE THE HIGHER OF THE ABOVE

**SPECIAL NOTE:** 

3.5 IS THE FACTOR USED FOR ENTITIES STARTING WITH 72 NAICS CODE

## LET'S CALCULATE THE PPP 2.0 LOAN AMOUNT

OPEN EXCEL SPREADSHEET CALLED "PPP 2 LOAN CALCULATION"

NOTE ON OPENING THE EXCEL SPREADSHEET

THE WORKSHEET HAS BEEN LOCKED (PROTECTED)

YOU CAN UNLOCK (UNPROTECT) IT UNDER THE "REVIEW" TAB

IN THE "REVIEW" TAB YOU CAN SELECT "UNPROTECT"

THERE IS NO PASSWORD

IF YOU UNLOCK, ANY CHANGES ARE OF YOUR OWN

CHECK ALL CALCULATIONS.

THIS WAS NOT PROVIDED TO PROVIDE EXCEL FORMULA'S FOR YOUR CALCULATIONS.

**EXAMPLE PURPOSES ONLY.** 

## CALCULATING PPP LOAN 2.0 AMOUNT

PPP 2.0 LOAN CALCULATION			
	2019	2020	
Gross Wages	322,272	279,603	PPP 2.0 LOAN
Health Care Insurance Premiums Paid by Employer	45,647	39,541	
(Excludes 5% or More Sharehold for S-Corp Only			\$74,513
Retirement Benefits Paid by Employer	5,091	4,726	
State Unemployment Taxes	177	124	
Annual Total Payroll	373,186	<b>323,994</b> (a	a) Total of Above
LESS EXCLUSIONS			
Total Compensation in excess of \$100,000	15,522	3,975	b) This is treated as a negative in the formula below as this line is to REDUCE the Annual Total Payroll Cos
Net Annual Payroll For PPP 2.0 Purposes	357,664	320,019	c) This is (a) MINUS (b)
Average Monthly Payroll (Divided by 12)	29,805	26,668 (	d) This is (c) DIVIDED by 12
PPP 2.0 Loan Amount (Average Payroll * 2.5)	74,513	66,671	This is (d) MULTIPLIED by 2.5
	HIGHER O	F 2019 OR 2020	1/8/2021

### COMPLETE FORM 2483-SD

As of the date/time of this seminar, Form 2483-SD is NOT available

THIS FORM HERE IS NOT FORM 2483-SD

THIS IS THE MOST CURRENT FORM 2483 AT THIS TIME

THIS FORM HERE IS FOR EXAMPLE PURPOSES ONLY

TO SHOW THE NUMBERS
EXPECTED TO COMPLETE
FROM THE WORKSHEET AS
AN EXAMPLE



#### Paycheck Protection Program Borrower Application Form Revised June 24, 2020

OMB Control No.: 3245-0407

Expiration Date: 12/31/2023

Check One: □ Sole proprietor □ Partnership □ C-Corp □ S-Corp □ LLC □ Independent contractor □ Eligible self-employed individual □ 501(c)(3) nonprofit □ 501(c)(19) veterans organization □ Tribal business (sec. 31(b)(2)(C) of Small Business Act) □ Other  Business Legal Name						DBA or Tradename if Applicable			
	Busin	ess Address				Business TIN	(EIN, SSN)	Busine	ss Phone
								( ) -	
						Primary C	Contact	Email Address	
Average Monthly Payro	s 29,8	305 A	2.5 + EIDL, N dvance (if App quals Loan Re	olicable)	<sup>\$</sup> 7	4,513	Number o	f Employees:	
Purpose of the loan									
(select more than one):	Payrol	1 Lease / 1	Mortgage Inter	rest Utilities		Other (explain):	:		
Applicant Ownership									
List all owners of 20% or more of the equity of the Applicant. Attach a separate sheet if necessary.									
Owner Nan	Owner Name Title Ownership % TI							Address	

FROM OUR EXCEL WORKSHEET

PPP 2.0 LOAN CALCULATION Average Monthly Payroll (Divided by 12 ) 29,805

PPP 2.0 Loan Amount (Average Payroll \* 2.5) 74,513



## RELATED TO PPP 1.0 LOAN & FORGIVENESS PPP 1.0 FORGIVENESS CALCULATIONS (IN EXCEL) SBA FAQs REFERENCED ON PPP FORGIVENESS PPP 1 SBA AMENDED GUIDELINES - BRAND NEW 1/7/21 PPP FORGIVENESS FORMS (SCROLL ON PAGE TO FIND) NEW IRS REVENUE RULING 2021-02 1/6/21

### PPP FORGIVENESS APPLICATION

AS OF THE DATE/TIME OF THIS SEMINAR, THE PPP LOAN FORGIVENESS FORMS AVAILABLE ARE

FORM 3508

FORM 3508-EZ

FORM 3508-S

YOU HAVE BEEN PROVIDED A LINK THAT STATES ON THE BUTTON/TAB
"PPP FORGIVENESS FORMS (SCROLL ON PAGE TO FIND)

THIS IS TO THE PPP PAGE ON THE SBA WEBSITE

WHEN ANYTHING IS RELEASED RELATED TO PPP, THIS PAGE WILL HAVE IT

MARK THAT PAGE OF THE SBA WEBSITE AS A FAVORITE

## SIMPLIFIED PPP FORGIVENESS APPLICATION

#### FOR PPP LOANS NOT MORE THAN \$150,000

THE BORROWER SIGNS & SUBMITS TO THE LENDER AN SBA CERTIFICATION (NOT APPLICATION)

#### **CURRENTLY NOT AVAILABLE**

THE SBA HAS 24 DAYS FROM DECEMBER 27<sup>TH</sup> (OR JANUARY 20<sup>TH</sup>) TO MAKE THAT AVAILABLE I WOULD EXPECT IT TO BE AN UPDATED FORM 3508-S

#### PROVIDE THE FOLLOWING

RETAIN PAYROLL RECORDS 4 YEARS & OTHER RECORDS 3 YEARS NUMBER OF EMPLOYEES THE EMPLOYER WAS ABLE TO RETAIN ESTIMATED AMOUNT SPENT ON PAYROLL COSTS TOTAL PPP LOAN AMOUNT ATTESTS IT'S ACCURATE

NOT REQUIRED TO PROVIDE DOCUMENTATION
HOWEVER, IF BANK NEEDS THE DOCUMENTATION TO SATISFY LAW, MUST PROVIDE

## SIMPLIFIED PPP FORGIVENESS APPLICATION

#### FOR PPP LOANS MORE THAN \$150,000

SBA MAY HAVE FURTHER CLARIFICATIONS AND/OR UPDATED FORMS UKNOWN AT THIS TIME. WHAT WE DO KNOW IS BELOW.

EXPECT THESE TO BE UPDATED IN SOME RESPECT

#### FORM 3508:

PPP LOANS OVER \$2 MILLION

AND/OR HAVE REDUCTIONS DUE TO SALARY REDUCTIONS AND/OR FTE'S (EVEN IF UNDER \$2M)

CALCULATIONS INCLUDED ARE FOR EACH EMPLOYEE

#### FORM 3508-EZ:

PPP LOANS OVER \$50,000, UNDER \$2 MILLION
I WOULD EXPECT THIS WOULD CHANGE TO OVER \$150,000 (UP FROM \$50,000)
NO REDUCTIONS DUE TO SALARY REDUCTIONS AND/OR FTE'S
NO CALCULATIONS INCLUDED FOR EACH EMPLOYEE

## PAYROLL COSTS - THE CHECKLIST JJ PROVIDED

PPP 1.0 Application, Loan Documents
Know the exact dates of your covered period. 24 weeks (168 days) from day of disbursement
Know your payroll period cycle: Weekly, every two weeks, 1st & 15th etc.
Total amount of gross payroll paid and incurred to all W-2 only employees during the covered period
Gross payroll is before any reductions to the employees pay for any reduction (taxes, retirement, etc.)
Payroll paid during the covered period even if incurred before the covered period Payroll incurred at the end of the covered period even if paid after the covered period
If your payroll is weekly or bi-weekly Payroll for the weeks following the disbursement date Any payroll "paid" between the disbursement date and next payroll period start after disbursement
The max payroll to be included for any one employee is \$46,154 The max payroll to be included for any one S-Corp or C-Corp owner is \$20,833 So for each employee, for any that have over \$46,154, know it will be limited

## PAYROLL COSTS – THE CHECKLIST JJ PROVIDED

\_\_ Unemployment taxes to the government paid and incurred during the covered period 2020 Form W-3 and Forms W-2's or if not available at this time \_\_Forms 941 for 2<sup>nd</sup>, 3<sup>rd</sup> & 4<sup>th</sup> quarter (if 4<sup>th</sup> not available, you can get it later \_\_\_ 2019 Form W-2(s) for all owners that own 5% or more (S-Corp & C-Corp Owners Only) 2019 Employer paid health insurance for above owners (C-Corp owners only) 2019 Employer paid retirement paid for above owners (S-Corp & C-Corp Owners) — Health, dental & vision insurance paid by the employer paid and incurred during the period This health insurance paid during the covered period even if incurred before the covered period \_ Health insurance incurred at end of the covered period even if paid after covered period \_ Only the amount paid by the employer. Net of any portion paid by the employee

### RENT COSTS – THE CHECKLIST JJ PROVIDED

Rent paid and incurred during the covered period defined above This rent paid during the covered period even if incurred before the covered period \_\_ Rent incurred at the end of the covered period even if paid after the covered period \_\_ If rent is paid to entity owned 50% or more by the same owner of entity receiving PPP 1.0 \_\_ Amount of interest the other entity that received the rent; paid and incurred during the covered period This will only be the interest on the asset that was rented Rental agreement

## INTEREST COSTS – THE CHECKLIST JJ PROVIDED

- \_\_ Interest expense paid by the business of loans, in the business name and only those with collateral
  - \_\_ Interest paid during the covered period even if incurred before the covered period
  - \_\_ Interest incurred at the end of the covered period even if paid after the covered period

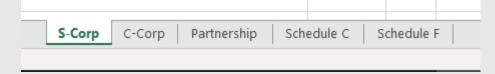
## UTILITY COSTS – THE CHECKLIST JJ PROVIDED

- \_\_ Utilities paid and incurred during the covered period defined above (basic utilities)
  - \_\_ Utilities paid during the covered period even if incurred before the covered period
  - \_\_ Utilities incurred at the end of the covered period even if paid after the covered period

### LET'S CALCULATE WITH PPP 1.0 FORGIVENESS

OPEN EXCEL SPREADSHEET CALLED "PPP 1 FORGIVENESS CALCULATIONS"

THE EXCEL SPREADSHEET HAS FIVE (5) WORKSHEETS
FIND THEM AT THE BOTTOM OF THE SPREADSHEET
SHOULD LOOK LIKE THIS



NOTE ON OPENING THE EXCEL SPREADSHEET

THE WORKSHEET HAS BEEN LOCKED (PROTECTED)

YOU CAN UNLOCK (UNPROTECT) IT UNDER THE "REVIEW" TAB

IN THE "REVIEW" TAB YOU CAN SELECT "UNPROTECT"

THERE IS NO PASSWORD

IF YOU UNLOCK, ANY CHANGES ARE OF YOUR OWN

CHECK ALL CALCULATIONS.

THIS WAS NOT PROVIDED TO PROVIDE EXCEL FORMULA'S FOR YOUR CALCULATIONS.

**EXAMPLE PURPOSES ONLY.** 

As of October 13, 2020

#### YOU HAVE A LINK TO THIS

#### PAYCHECK PROTECTION PROGRAM

Frequently Asked Questions (FAQs) on PPP Loan Forgiveness

<u>LLC owners</u>: LLC owners must follow the instructions that apply to how their business was organized for tax filing purposes for tax year 2019, or if a new business, the expected tax filing situation for 2020.

#### YOU HAVE A LINK TO THIS

#### PAYCHECK PROTECTION PROGRAM

Frequently Asked Questions (FAQs) on PPP Loan Forgiveness

S Corporations: The employee cash compensation of an S-corporation owner-employee, defined as an owner who is also an employee, is eligible for loan forgiveness up to the amount of 2.5/12 of their 2019 employee cash compensation, with cash compensation defined as it is for all other employees. Borrowers are also eligible for loan forgiveness for payments for employer state and local taxes paid by the borrowers and assessed on their compensation, and for employer retirement contributions to their employee retirement plans capped at the amount of 2.5/12 of their 2019 employer retirement contribution. Employer contributions for health insurance are not eligible for additional forgiveness for S-corporation employees with at least a 2% stake in the business, including for employees who are family members of an at least 2% owner under the family attribution rules of 26 U.S.C. 318, because those contributions are included in cash compensation. The eligible non-cash compensation payments should be included on lines 7 and 8 of PPP Schedule A of the Loan Forgiveness Application (SBA Form 3508), for borrowers using that form, and do not count toward the \$20,833 cap per individual.

PPP 1.0 LOAN FORGIVENESS CALCULATION				
S-Corporation (Form 1120S)				
Assumes 24 Week Covered Period Option				
Payroll Costs				
Gross Salaries & Wages (W-2) Non-Owners	188,000		No More Than \$46,153 Per Employee	
Salaries & Wages Paid for 5% or More Shareholders	19,800		Lesser of \$20,833 or 2019 Wages Divided by 12 Multiplied by 2.5 or Wages Actually Paid	
Salaries & Wages Faid for 576 or More Shareholders	17,000		Lesser of \$20,833 of 2019 Wages Divided by 12 Multiplied by 2.3 of Wages Actually Faid	
Employer Paid Health Insurance (Less Employee Paid Portic	14,500		Exclude 5% or More Shareholders Health Insurance as it Should Already be in Wages	
Zimpoyer I and Treatail institution (cess Employee) and since	11,500		23/2 de 1/2010 Sinni enclates Tromain instrumento de la Sindia Pini enclay de la Viages	
Employer Paid Retirement	4,500		Includes All Employees, Including the 5% or More Shareholders	
• •	•			
State Unemployment Taxes	400		No Other Employer Portion Payroll Taxes Included	
Total Payroll Costs	227,200	(1)	Total of Above	
Business Mortgage Interest Payments	4,250	(2)	Only on Loans in Business Name Collateralize by Business Assets (Excludes Credit Cards)	
	40.000	(a)	70D T	
Business Rent or Least Payments	12,900	(3)	If Rent to Entity 50% or More Controlled/Owned by Same Owners as PPP Borrower,	
			Limited to Interest Paid by the Lessor Entity on the Property Being Rented	
Business Utility Payments	4,800	(4)	Basic Utilities	
Dusiness Cunty Layments	4,000	(ד)	Dasic Ounces	
Total Amount of Covered Expenses	249,150	(5)	Grand Total	
Total Tanouni of Covered Engenber	217,220	(3)		
PPP Loan Amount	104,000	(6)		
, and the second				
Payroll Cost 60% Requirement	378,667	(7)	Divide Total Payroll Costs by .60)	
				10.10003
				/8/2021
Forgiveness Amount	104,000	(8)	Lesser of (5), (6) or (7)	

#### YOU HAVE A LINK TO THIS

#### PAYCHECK PROTECTION PROGRAM Frequently Asked Questions (FAQs) on PPP Loan Forgiveness

Corporations: The employee cash compensation of a C-corporation owner-employee, defined as an owner who is also an employee (including where the owner is the only employee), is eligible for loan forgiveness up to the amount of 2.5/12 of his or her 2019 employee cash compensation, with cash compensation defined as it is for all other employees. Borrowers are also eligible for loan forgiveness for payments for employer state and local taxes paid by the borrowers and assessed on their compensation, for the amount paid by the borrower for employer contributions for their employee health insurance, and for employer retirement contributions to their employee retirement plans capped at the amount of 2.5/12 of the 2019 employer retirement contribution. Payments other than for cash compensation should be included on lines 6-8 of PPP Schedule A of the loan forgiveness application (SBA Form 3508 or lender equivalent), for borrowers using that form, and do not count toward the \$20,833 cap per individual.

PPP 1.0 LOAN FORGIVENESS CALCULATION				
C-Corporation (Form 1120)			SAME = SAME AS S-CORP	
Assumes 24 Week Covered Period Option				
Payroll Costs				
Gross Salaries & Wages (W-2) Non-Owners	188,000	SAME	No More Than \$46,153 Per Employee	
Salaries & Wages Paid for 5% or More Shareholders	19,800	SAME	Lesser of \$20.833 or 2019 Wages Divided by 12 Multiplied by 2.5 or Wages Actually Paid	
Employer Paid Health Insurance (Less Employee Paid Portion)	14,500		Includes 5% or More Shareholders Health Insurance	
Employer Paid Retirement	4,500	SAME	Includes All Employees, Including the 5% or More Shareholders	
State Unemployment Taxes	400	SAME	No Other Employer Portion Payroll Taxes Included	
Total Payroll Costs	227,200	(1)	Total of Above	
Business Mortgage Interest Payments SAME	4,250	(2)	Only on Loans in Business Name Collateralize by Business Assets (Excludes Credit Cards)	
Business Rent or Least Payments SAME	12,900	(3)	If Rent to Entity 50% or More Controlled/Owned by Same Owners as PPP Borrower,	
			Limited to Interest Paid by the Lessor Entity on the Property Being Rented	
Business Utility Payments SAME	4,800	(4)	Basic Utilities	
Total Amount of Covered Expenses	249,150	(5)	Grand Total	
PPP Loan Amount	104,000	(6)		
Payroll Cost 60% Requirement	378,667	(7)	Divide Total Payroll Costs by .60)	
2 ayron cost oo /o requirement	370,007	(1)		1/8/2021
Forgiveness Amount	104,000	(8)	Lesser of (5), (6) or (7)	

#### YOU HAVE A LINK TO THIS

#### PAYCHECK PROTECTION PROGRAM

Frequently Asked Questions (FAQs) on PPP Loan Forgiveness

General Partners: The compensation of general partners that is eligible for loan forgiveness is limited to 2.5/12 of their 2019 net earnings from self-employment that is subject to self-employment tax, which is computed from 2019 IRS Form 1065 Schedule K-1 box 14a (reduced by box 12 section 179 expense deduction, unreimbursed partnership expenses deducted on their IRS Form 1040 Schedule SE, and depletion claimed on oil and gas properties) multiplied by 0.9235. Compensation is only eligible for loan forgiveness if the payments to partners are made during the Covered Period or Alternative Payroll Covered Period. Separate payments for health insurance, retirement, or state or local taxes are not eligible for additional loan forgiveness. If the partnership did not submit its 2019 IRS Form 1065 K-1s when initially applying for the loan, it must be included with the partnership's forgiveness application.

PPP 1.0 LOAN FORGIVENESS CALCULATION			
Partnership (Form 1065)			
Assumes 24 Week Covered Period Option			
Payroll Costs			
Gross Salaries & Wages (W-2) Non-Owners	188,000		No More Than \$46,153 Per Employee
Partners Self-Employment Income (K-1 Box 14a)	19,240		Lesser of \$19,240 or 2019 Sch K-1 Box 14a Divided by 12 Multiplied by 2.5 or What Actually Paid to Partners
Partners are Disallowed to Pay Themselves Payroll			Starting Amount No More Than \$100,000 Divided by 12 Multiplied by 2.5 Multiplied by .9235
Employer Paid Health Insurance (Less Employee Paid Portion)	14,500	0	EXCLUDES PARTNERS
Employer Paid Retirement	4,500	0	EXCLUDES PARTNERS
State Unemployment Taxes	400		No Other Employer Portion Payroll Taxes Included
Total Payroll Costs	226,640	(1)	Total of Above
Business Mortgage Interest Payments	4,250	(2)	Only on Loans in Business Name Collateralize by Business Assets (Excludes Credit Cards)
Business Rent or Least Payments	12,900	(3)	If Rent to Entity 50% or More Controlled/Owned by Same Owners as PPP Borrower,
			Limited to Interest Paid by the Lessor Entity on the Property Being Rented
Business Utility Payments	4,800	(4)	Basic Utilities
Total Amount of Covered Expenses	248,590	(5)	Grand Total
PPP Loan Amount	104,000	(6)	
Payroll Cost 60% Requirement	377,733	(7)	Divide Total Payroll Costs by .60)

#### YOU HAVE A LINK TO THIS

#### PAYCHECK PROTECTION PROGRAM

Frequently Asked Questions (FAQs) on PPP Loan Forgiveness

Self-employed Schedule C (or Schedule F) filers: The compensation of self-employed Schedule C (or Schedule F) individuals, including sole proprietors, self-employed individuals, and independent contractors, that is eligible for loan forgiveness is limited to 2.5/12 of 2019 net profit as reported on IRS Form 1040 Schedule C line 31 (or 2.5/12 of 2019 net farm profit, as reported on IRS Form 1040 Schedule F line 34) (or for new businesses, the estimated 2020 Schedule C (or Schedule F) referenced in question 10 of "Paycheck Protection Program: How to Calculate Maximum Loan Amounts – By Business Type"<sup>4</sup>). Separate payments for health insurance, retirement, or state or local taxes are not eligible for additional loan forgiveness; health insurance and retirement expenses are paid out of their net self-employment income. If the borrower did not submit its 2019 IRS Form 1040 Schedule C (or F) to the Lender when the borrower initially applied for the loan, it must be included with the borrower's forgiveness application.

#### SCHEDULE C OMB No. 1545-0074 **Profit or Loss From Business** (Form 1040 or 1040-SR) (Sole Proprietorship) 2019 ► Go to www.irs.gov/ScheduleC for instructions and the latest information. Department of the Treasury Attachment Internal Revenue Service (99) Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partnerships generally must file Form 1065. Sequence No. 09 Name of proprietor Social security number (SSN) Principal business or profession, including product or service (see instructions) B Enter code from instructions D Employer ID number (EIN) (see instr. Business name. If no separate business name, leave blank. Business address (including suite or room no.) City, town or post office, state, and ZIP code Accounting method: (1) ☐ Cash (2) ☐ Accrual (3) ☐ Other (specify) ▶ Did you "materially participate" in the operation of this business during 2019? If "No," see instructions for limit on losses If "Yes," did you or will you file required Forms 1099? . Part I Income Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked . . . . . . . . . . . . Other income, including federal and state gasoline or fuel tax credit or refund (see instructions) . . . 7 Gross income. Add lines 5 and 6 . Part II Expenses. Enter expenses for business use of your home only on line 30. 18 Office expense (see instructions) 8 Advertising . . . . . 19 Pension and profit-sharing plans Car and truck expenses (see 20 Rent or lease (see instructions): instructions). . . . . Commissions and fees . 10 a Vehicles, machinery, and equipment 20a Contract labor (see instructions) 11 b Other business property . . . 12 Depletion . . . . . 21 Repairs and maintenance . . . 13 Depreciation and section 179 22 Supplies (not included in Part III) 22 expense deduction (not 23 Taxes and licenses . . . . . included in Part III) (see instructions) . . . . . 24 Travel and meals: a Travel . . . . . . . . . 14 Employee benefit programs b Deductible meals (see (other than on line 19). Insurance (other than health) instructions) . . . . . . . Interest (see instructions): 25 Utilities . . . . . . . . . Mortgage (paid to banks, etc.) 26 Wages (less employment credits) . **b** Other . . . . . . 27a Other expenses (from line 48) . . . 17 Legal and professional services 17 b Reserved for future use . . . 28 Total expenses before expenses for business use of home. Add lines 8 through 27a . . . . . . . . . ▶ 30 Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method (see instructions). Simplified method filers only: enter the total square footage of: (a) your home: . Use the Simplified and (b) the part of your home used for business: Method Worksheet in the instructions to figure the amount to enter on line 30 31 Net profit or (loss). Subtract line 30 from line 29. . If a profit, enter on both Schedule 1 (Form 1040 or 1040-SR), line 3 (or Form 1040-NR, line 13) and on Schedule SE, line 2. (If you checked the box on line 1, see instructions). Estates and

PPP 1.0 LOAN FORGIVENESS CALCU	LATION		
Schedule C			
Assumes 24 Week Covered Period Option			
2019 Schedule C Line 31		86,500	
Divided by 12		7,208	
Multiplied by 2.5		18,021	(1)
PPP Loan Amount		15,000	(2)
Forgiveness the Lesser of (1) or (2)		15,000	

#### SCHEDULE F (Form 1040 or 1040-SR)

#### **Profit or Loss From Farming**

OMB No. 1545-0074 Attachment

▶ Attach to Form 1040, Form 1040-SR, Form 1040-NR, Form 1041, or Form 1065. Department of the Treasury Sequence No. 14 ► Go to www.irs.gov/ScheduleF for instructions and the latest information. Internal Revenue Service (99) Name of proprietor Social security number (SSN) A Principal crop or activity B Enter code from Part IV C Accounting method: D Employer ID number (EIN) (see instr.) Cash Accrual E Did you "materially participate" in the operation of this business during 2019? If "No," see instructions for limit on passive losses 🗌 Yes 🔝 No Part I Farm Income—Cash Method. Complete Parts I and II. (Accrual method. Complete Parts II and III, and Part I, line 9.) 1a Sales of livestock and other resale items (see instructions) . . . . . . . . . . . . Cost or other basis of livestock or other items reported on line 1a . . . . . . . . . Sales of livestock, produce, grains, and other products you raised . . . . . . . . . . . . . . . . . Cooperative distributions (Form(s) 1099-PATR) . 3a 3b Taxable amount Agricultural program payments (see instructions) . 4a 4b Taxable amount CCC loans forfeited . . . . . . . . . . . . . . . . 5b Crop insurance proceeds and federal crop disaster payments (see instructions): Amount received in 2019 . . . . . . . 6a 6b Taxable amount . . . If election to defer to 2020 is attached, check here . . . . . . . . . . . . 6d Amount deferred from 2018 Other income, including federal and state gasoline or fuel tax credit or refund (see instructions) . . . . . . Gross income. Add amounts in the right column (lines 1c, 2, 3b, 4b, 5a, 5c, 6b, 6d, 7, and 8). If you use the accrual method, enter the amount from Part III, line 50. See instructions . . . . . . . . . . . . . Part | Farm Expenses - Cash and Accrual Method. Do not include personal or living expenses. See instructions. Pension and profit-sharing plans. Car and truck expenses (see instructions). Also attach Form 4562 Rent or lease (see instructions): Chemicals . . . . . . . . . 11 a Vehicles, machinery, equipment . . 24a Conservation expenses (see instructions) 12 b Other (land, animals, etc.) . . 24b Custom hire (machine work) . . . Repairs and maintenance . . . . Seeds and plants . . . . . . Depreciation and section 179 expense (see instructions) . . . . . . Storage and warehousing . . Employee benefit programs other than on line 23 . . . . . . . . . 16 30 Fertilizers and lime . . . . . Veterinary, breeding, and medicine . Freight and trucking . . . . . Other expenses (specify): Gasoline, fuel, and oil . . . . . 32a 32b Insurance (other than health) . . 32c Interest (see instructions): 32d Mortgage (paid to banks, etc.) . . 32e Other . . . . . . . . . . 21b 32f 22 Labor hired (less employment credits) Total expenses. Add lines 10 through 32f. If line 32f is negative, see instructions 33 Net farm profit or (loss). Subtract line 33 from line 9 If a profit, stop here and see instructions for where to report. If a loss, complete lines 35 and 36.

PPP 1.0 LOAN FORGIVENESS CALCULATION			
Schedule F 🔘			
Assumes 24 Week Covered Period Option	hule F nes 24 Week Covered Period Option  Schedule F Line 34 86,500  ed by 12 7,208  Slied by 2.5 18,021 (1)  Loan Amount 15,000 (2)		
2019 Schedule F Line 34		86,500	
Divided by 12	0	7,208	
Multiplied by 2.5		18,021	(1)
PPP Loan Amount		15,000	(2)
Forgiveness the Lesser of (1) or (2)		15,000	

# Employee Retention Tax Credit (ERTC) for Employers

## RELATED TO EMPLOYEE RETENTION TAX CREDIT ERTC EXCEL WORKSHEET FORM 7200 & INSTRUCTIONS FOR PAYROLL TAX CREDITS IRS INFORMATION ON EMPLOYEE RETENTION TAX CREDIT IRS FAQs ON ERTC (WELL ORGANIZED) **IRS: DETERMINE WHAT GOV'T SHUT DOWN QUALIFIES**

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Forms & Instructions

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News / Topics in the News / Coronavirus Tax Relief / COVID-19-Related Employee Retention Credits: General Information FAQs

## COVID-19-Related Employee Retention Credits: General Information FAQs

#### Topics in the News

Coronavirus Tax Relief

**Economic Impact Payments** 

**News Releases** 

Multimedia Center

#### Alert



Note that the Taxpayer Certainty and Disaster Tax Relief Act of 2020, enacted December 27, 2020, amended and extended the employee retention credit (and the availability of certain advance payments of the tax credits) under section 2301 of the CARES Act. These FAQs do not currently reflect the changes made by the Taxpayer Certainty and Disaster Tax Relief Act of 2020; however, please continue to check back on this page for any updates related to the change in law.

Page Last Reviewed or Updated: 07-Jan-2021

## EMPLOYEE RETENTION TAX CREDIT (ERTC)

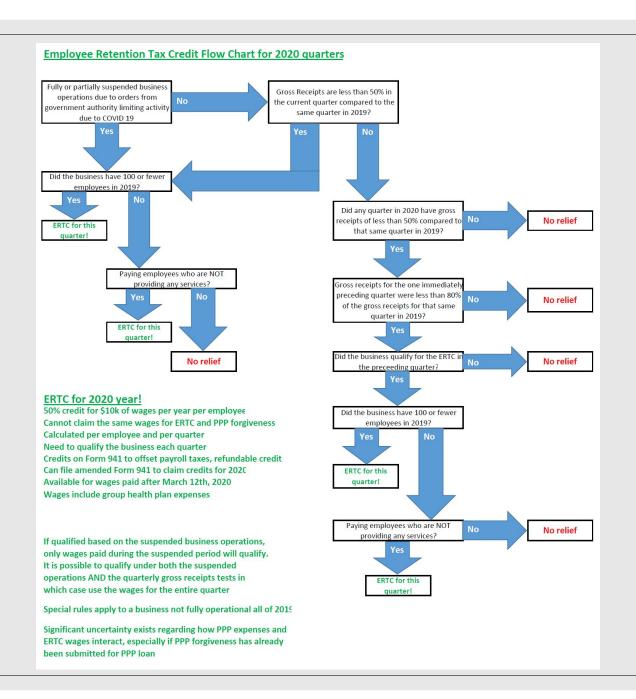
- PRIOR LAW
- CANNOT TAKE IF RECEIVED PPP
  - NO MATTER WHEN PPP RECEIVED.
- CREDIT 50% OF QUALIFIED WAGES
- \$10,000 MAX WAGES PER ANNUAL
  - MAX \$5,000 PAYROLL CREDIT PER ANNUAL

- PER EMPLOYEE
- NOT LIMITED TO EMPLOYER SOCIAL SECURITY TAXES & REFUNDABLE
- NOT AVAILABLE FOR OWNERS OR SELF-EMPLOYED

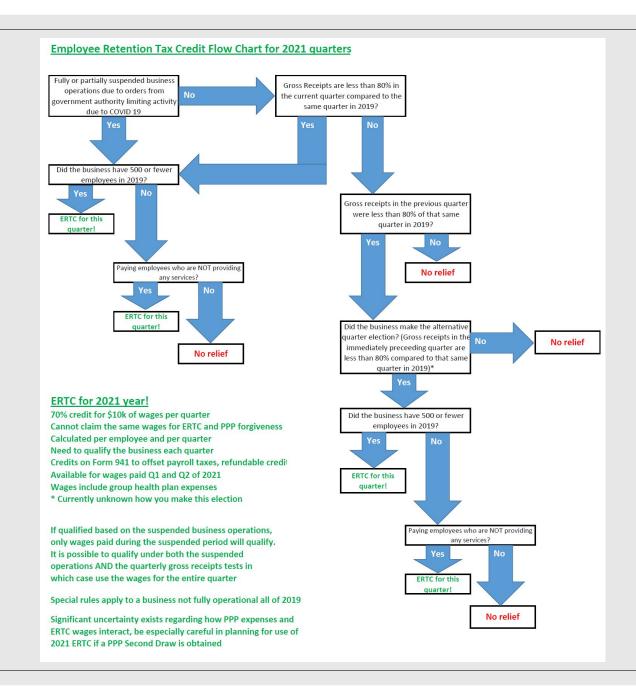
- THE STIMULUS SIGNED INTO LAW
- CAN TAKE IF RECEIVED PPP
  - RETROACTIVE BACK TO 3/13/2020
- CREDIT 50% OF QUALIFIED \$10,000 WAGES FOR 2020
- CREDIT 70% OF QUALIFIED \$10,000 WAGES FOR 2021
  - EXTENDED TO 6/30/2021
- \$10,000 MAX WAGES PER CALENDAR YEAR 2020
  - MAX \$5,000 PAYROLL TAX CREDIT PER EMPLOYER FOR ALL 2020
- \$10,000 MAX WAGES PER QUARTER FOR 1st & 2nd QUARTERS 2021
  - MAX \$7,000 PAYROLL CREDIT PER QUARTER
  - MAX \$14,000 PER EMPLOYEE FOR 2021
- STILL PER EMPLOYEE
- STILL <u>NOT</u> LIMITED TO EMPLOYER SOCIAL SECURITY TAXES & REFUNDABLE
- STILL NOT AVAILABLE FOR OWNERS OR SELF-EMPLOYED

## ERTC- THE CHECKLIST JJ PROVIDED

- \_\_ Identify the dates your business was closed during a government mandated shutdown See the link to the IRS website if you need information defining this There is no set Federal dates on this. It is based on your local, city, county and/or state government
- \_\_ Total gross payroll during that period(s) of shut-down
- \_\_ Also, the payroll for each employee during that period(s) of shut-down
  THIS IS NOT SIMPLY THE PAYROLL LITERALLY "PAID" DURING THIS PERIOD
  This is the payroll incurred during that period of time, regardless when paid
  This is simply the pay an employee was paid on a date within this period
- Health insurance paid by the employer (less employee paid portion)
  Simply have the health insurance amounts during this period.
  DIVIDE THE MONTHLY COSTS INTO HOW MANY HOURS THE EMPLOYEE WORKED
  ADD IT TO THEIR QUALIFIED WAGES TO DETERMINE THE ERTC
  - \_ Exclude owners and relatives of the owners (we will go over this further)



Courtesy of the hard work by Chris Wittich @RavenousTiger on Twitter



Courtesy of the hard work by Chris Wittich @RavenousTiger on Twitter

## LET'S CALCULATE ERTC FOR 2021 & 2021

OPEN EXCEL SPREADSHEET CALLED "ERTC EXCEL WORKSHEET"

THE EXCEL SPREADSHEET HAS FOUR (4) WORKSHEETS FIND THEM AT THE BOTTOM OF THE SPREADSHEET SHOULD LOOK LIKE THIS

2021 70% ERTC Total Comp Per EE 2021 70% ERTC Hrly Calc Per EE

2020 50% ERTC Total Comp Per EE

2020 50% ERTC Hrl ..

NOTE ON OPENING THE EXCEL SPREADSHEET

THE WORKSHEET HAS BEEN LOCKED (PROTECTED) YOU CAN UNLOCK (UNPROTECT) IT UNDER THE "REVIEW" TAB IN THE "REVIEW" TAB YOU CAN SELECT "UNPROTECT"

THERE IS NO PASSWORD

IF YOU UNLOCK, ANY CHANGES ARE OF YOUR OWN

CHECK ALL CALCULATIONS.

THIS WAS NOT PROVIDED TO PROVIDE EXCEL FORMULA'S FOR YOUR CALCULATIONS.

**EXAMPLE PURPOSES ONLY.** 

1/8/2021

2020 EMPLOYEE RE	TEN	TION T	AX CREDIT	TR	ACKING				
EMPLOYEE NAME	Ho	ırly Pay	Hours Paid	7	otal Pay				
Sam	\$	13.00	168	\$	\$ 2,184.00				
Sally	\$	24.00	168	\$	4,032.00				
Roger	\$	\$ 16.50 168		\$	2,772.00		NO OI	NE EMP	LOYEE
Lucy	\$	24.75	168	\$	4,158.00		OVER	\$10,000	
Wayne	\$	15.50	168	\$	2,604.00				
Lisa	\$	16.00	168	\$	2,688.00				
TOTAL QUALIFIED WAGES		S		\$	18,438.00				
ERTC @ 50%				\$	9,219.00				

#### 2020 EMPLOYEE RETENTION TAX CREDIT TRACKING

Starting March 13, 2020

(See Additional Requirements)

MAXIMUM QUALIFIED "WAGES" IS \$10,000 PER YEAR 2020

(THAT WOULD BE MAXIMUM PAYROLL "CREDIT" OF \$5,000) PER YEAR 2020

\$5,000 PER EMPLOYEE, PER YEAR 2020

THIS IS FOR 2020

#### EMPLOYEE RETENTION TAX CREDIT TRACKING STARTING MARCH 13, 2020

(See Additional Requirements)

MAXIMUM QUALIFIED "WAGES" IS \$10,000 PER YEAR

(THAT WOULD BE MAXIMUM PAYROLL "CREDIT" OF \$5,000)

#### PER EMPLOYEE, PER YEAR 2020

	(A)	(B)	
		EE Retention Credit	
	Total Eligible Wages	50% Allowable	
Employee Name	During Qualified Time	Multiply (A) x 50%	
Ronnie	\$ 1,600	\$ 800	
Sara	\$ 5,000	\$ 2,500	
Justin	\$ 960	\$ 480	
	TOTAL	3,780	
		Please Check Match	

1/8/2021

2021 EMPLOYEE RE	TEN	TION T	AX CREDIT	TR	ACKING		
EMPLOYEE NAME	Hot	ırly Pay	Hours Paid	7	Total Pay		
Sam	\$	13.00	168	\$	2,184.00		
Sally	\$	24.00	168	\$	4,032.00		
Roger	\$ 16.50		168	\$	2,772.00	NO ON	E EMPLOYEE
Lucy	\$	24.75	168	\$	4,158.00	OVER	\$10,000
Wayne	\$	15.50	168	\$	2,604.00		
Lisa	\$	16.00	168	\$	2,688.00		
TOTAL QUALIFIED	WAG	ES		\$	18,438.00		
ERTC @ 70%				\$	12,906.60		

#### 2021 EMPLOYEE RETENTION TAX CREDIT TRACKING

Starting Janaury 1, 2021

(See Additional Requirements)

MAXIMUM QUALIFIED "WAGES" IS \$10,000 PER QUARTER

(THAT WOULD BE MAXIMUM PAYROLL "CREDIT" OF \$7,000) PER QUARTER

\$7,000 PER EMPLOYEE, PER QUARTER

#### THIS IS FOR 2021

#### EMPLOYEE RETENTION TAX CREDIT TRACKING

Starting January 1, 2021

(See Additional Requirements)

MAXIMUM QUALIFIED "WAGES" IS \$10,000 PER QTR

(THAT WOULD BE MAXIMUM PAYROLL "CREDIT" OF \$7,000)

#### PER EMPLOYEE, PER QUARTER

		(A)	(	(B)			
			EE Retention Credit 70% Allowable				
	Total E	ligible Wages					
Employee Name	During (	Qualified Time	Multiply	(A) x 70%			
Ronnie	\$	1,600	\$	1,120			
Sara	\$	5,000	\$	3,500			
Justin	\$	960	\$	672			
		TOTAL		5,292			
			Please C	heck Match			

1/8/2021

#### YOU REPORT THE ERTC ON LINE 1 OF FORM 7200

YOU DON'T SHOW YOUR CALCULATION ON THE FORM

#### Advance Payment of Employer Credits Due to COVID-19

OMB No. 1545-0029

epartment of the ternal Revenue	Service Go to www	w.irs.gov/Form7200 for inst	ructions and the lat	est informat	ion.					
ame (not your					Employer identi	fication n	number (EIN)			
de name (if a	any)				Applicable calen	dar quarte	er (check one)			
					(2) April, M	lay, June				
mber, street,	and apt. or suite no. If a P.O. box, see i	instructions.			(3) UJuly, A	ugust, Sep	ptember			
					(4) October, November, December					
or town, sta	ate, and ZIP code. If a foreign address,	also complete spaces below. (See	instructions.)							
eign country	name	Foreign province/count	y		Foreign postal code					
s a third-pa	rty payer file your employment tax return	n? (See instructions.) If "Yes," ent	er its name.		Third-party paye	r's EIN (if	applicable)			
ur employ e same ex	m 7200 if you can't reduce yo ment tax return for the applica spected credits. You will need quest an advance payment of t	able quarter. Don't reduce to reconcile your advance	your employment ed credits and redu	tax deposit	s and request sits on your er	t advan	ced credits for			
art I	Tell Us About Your Emplo	yment Tax Return								
(1) □ B Is this If "Ye	the box to indicate which em 941, 941-PR, or 941-SS (2) s a new business started on or es," skip line C unless you've a ter of 2020.	943 or 943-PR (3) after January 1, 2020?	944 or 944(SP)	(4) 🔲 (	CT-1  for at least or	_	Yes 🗌 No			
941), see ir	unt reported on line 2 of your column (c), by your third-part instructions	y payer (see instructions)).	If you file a difference							
D Enter	the total number of employees Enter Your Credits and Ac	,	is			_				
						1				
	employee retention credit for t qualified sick leave wages elig	•		netructione		2				
	qualified family leave wages elig				_	3				
	lines 1, 2, and 3		ila triis quarter. Oet	i i i sti uctioi		4				
5 Total	amount by which you have alr		employment tax	5						
	advanced credits requested or		m for this quarter	6						
	lines 5 and 6					7				
Adva	ince requested. Subtract line 7	7 from line 4. If zero or less	, don't file this forn	n	🔘	8				
ird-	Do you want to allow an empiristructions for details.		r, or another perso	n to discus	s this return	with the	IRS? See the			
rty										
signee	Designee's name ►			and phone	number -					
	Select a 5-digit personal iden	tification number (PIN) to ι	ise when talking to	the IRS ►						
	Under penalties of perjury, I declare the									
gn	and belief, it is true, correct, and comp	nete. Declaration of preparer (othe				arer has a	my knowledge.			
re	Your signature		Date	Printe	d title					
	Printed name			Best o	daytime phone					
id	Print/Type preparer's name	Preparer's signature		Date	PTIN					
eparer	Firm's name ▶		Firm's EIN	J	. , ,					
e Only	Firm's address				Phone no.					
ow File	Fax your completed form to 8	355-248-0552.			Phone no					
	ACCURATE PROPERTY OF THE PROPE		structions.	Cat. No.			m <b>7200</b> (3-2020)			

1/8/2021

### Last Day to File Form 7200

English Español

Current Year	
Prior Year	
Accessible	
eBooks	

Taxpayers filing a Form 941, Employer's QUARTERLY Federal Tax Return, may submit a Form 7200, Advance Payment of Employer Credits Due to COVID-19, up to the earlier of February 1, 2021, or the date they file the Form 941 for the fourth quarter of 2020. Taxpayers filing a Form 943, Employer's Annual Federal Tax Return for Agricultural Employees, or Form 944, Employer's ANNUAL Federal Tax Return, may submit a Form 7200 up to the earlier of February 1, 2021, or the date they file the applicable employment tax return for 2020. Taxpayers filing a Form CT-1, Employer's Annual Railroad Retirement Tax Return, may submit a Form 7200 up to the earlier of March 1, 2021, or the date they file the Form CT-1 for 2020. For Frequently Asked Questions that discuss the employee retention credit, the credit for sick and family leave wages, and Form 7200, go to IRS.gov/ERC and IRS.gov/PLC.

# CLAIMING EMPLOYEE RETENTION TAX CREDIT FOR RETROACTIVE ERTC

REPORT THE CREDIT IN THE QUARTER AFTER THE ENACTMENT DATE THAT IS 4<sup>TH</sup> QUARTER 2020

#### 2 OPTIONS TO CLAIM THE ERTC RETROACTIVELY (ONE CHOOSE ONE METHOD)

- 1. REPORT AS CREDIT ON 4<sup>TH</sup> QUARTER FORM 941 OR
- 2. BEFORE FILING 4<sup>TH</sup> QUARTER 941REPORT ON FORM 7200 (MARKING 4<sup>TH</sup> QUARTER AS THE APPLICABLE QUARTER) IF YOU MARK ANYTHING BUT 4<sup>TH</sup> QUARTER, FORM 7200 WON'T APPLY & THE IRS WILL NOT PROVIDE THE CREDIT IN THAT MANNER, AND YOU WILL HAVE TO REPORT IN ON FORM 941 FOR 4<sup>TH</sup> QUARTER

I AM RECOMMENDING THE 2<sup>ND</sup> OPTION FOR MY CLIENTS.
SEE IRS WEBSITE FOR FORM 7200 & INSTRUCTIONS. ALSO PROVIDED ON WEBSITE OF MATERIALS.

# CLAIMING EMPLOYEE RETENTION TAX CREDIT FOR RETROACTIVE ERTC WITH FORM 7200

IF YOU CHOOSE OPTION 2, WHICH IS TO USE FORM 7200

**REPORT ON FORM 7200** 

### (MARKING 4<sup>TH</sup> QUARTER AS THE APPLICABLE QUARTER)

IF YOU MARK ANYTHING BUT  $4^{TH}$  QUARTER, FORM 7200 WON'T APPLY BECAUSE IT IS FOR AN "ADVANCE" AND IT MUST BE REQUESTED NO LATER THAN 30 DAYS FOLLOWING THE APPLICABLE QUARTER

THE IRS WILL NOT PROVIDE THE CREDIT IN THAT MANNER & YOU WILL HAVE TO REPORT IN ON FORM 941 FOR 4<sup>TH</sup> QUARTER IF YOU DON'T MARK FORM 7200 AS 4<sup>TH</sup> QUARTER

YOU FAX IT TO THE IRS (NUMBER ON FORM 7200 AT THE BOTTOM)

THEY ONLY SEND A CHECK. NO DIRECT DEPOSIT POSSIBLE.

# CLAIMING EMPLOYEE RETENTION TAX CREDIT FOR RETROACTIVE ERTC WITH FORM 7200

IF YOUR PAYROLL COMPANY ALREADY FILED FORM 941 FOR 4TH QUARTER

CALCULATE YOUR CREDIT AND HAVE THEM FILE AN AMENDED FORM 941-X

THEY SHOULD NOT CHARGE YOU BECAUSE THEY SHOULD HAVE KNOWN BETTER

90% OF ALL SMALL BUSINESSES WITH EMPLOYEES THAT RECEIVED PPP WILL QUALIFY FOR SOMETHING! THEY ARE A PAYROLL COMPANY FOR GOODNESS SAKES!

Employer i (EIN)	identification number	Return You're Correcting Check the type of return you're correcting.
Name (not	your trade name)	941
Trade nam	ne (if any)	941-SS
		Check the ONE quarter you're correcting.
Address	Number Street Suite or room number	1: January, February, March
		2: April, May, June
	City State ZIP code	3: July, August, September
	Foreign country name Foreign province/county Foreign postal code	4: October, November, December
ade on f	eparate instructions before completing this form. Use this form to correct errors you Form 941 or 941-SS. Use a separate Form 941-X for each quarter that needs Type or print within the boxes. You MUST complete all four pages. Don't attach this	Enter the calendar year of the quarter you're correcting.

1/8/2021

#### LINK TO DEFINE PERIOD OF GOVERNMENT SHUT-DOWN PER IRS

## ALL IN REMAINING SLIDES IN ERTC SECTION PREVIOUSLY PROVIDED AND WORD FOR WORD COPIED FROM IRS WEBSITE

The below is copied from the IRS website from the link provided. Everything after this is exactly what the IRS has provided.

What Types of Governmental Orders May be Taken into Account for Purposes of the Employee Retention Credit FAQs

This FAQ is not included in the Internal Revenue Bulletin, and therefore may not be relied upon as legal authority. This means that the information cannot be used to support a legal argument in a court case.

An employer may be treated as an Eligible Employer for purposes of the Employee Retention Credit if its operations are fully or partially suspended during a calendar quarter due to "orders from an appropriate governmental authority limiting commerce, travel, or group meetings (for commercial, social, religious, or other purposes)" due to COVID-19.

## 28. What "orders from an appropriate governmental authority" may be taken into account for purposes of the Employee Retention Credit? (updated June 19, 2020)

Orders, proclamations, or decrees from the Federal government, or any State or local government are considered "orders from an appropriate governmental authority" if they limit commerce, travel, or group meetings due to COVID-19 in a manner that affects an employer's operation of its trade or business, including orders that limit hours of operation and, if they are from a State or local government, they are from a State or local government that has jurisdiction over the employer's operations (referred to as a "governmental order").

Statements from a governmental official, including comments made during press conferences or in interviews with the media, do not rise to the level of a governmental order for purposes of the Employee Retention Credit. Additionally, the declaration of a state of emergency by a governmental authority is not sufficient to rise to the level of a governmental order if it does not limit commerce, travel, or group meetings in any manner. Further, such a declaration that limits commerce, travel, or group meetings, but does so in a manner that does not affect the employer's operation of its trade or business does not rise to the level of a governmental order.

#### Governmental orders include:

An order from the city's mayor stating that all non-essential businesses must close for a specified period; A State's emergency proclamation that residents must shelter in place for a specified period, other than residents who are employed by an essential business and who may travel to and work at the workplace location; An order from a local official imposing a curfew on residents that impacts the operating hours of a trade or business for a specified period; An order from a local health department mandating a workplace closure for cleaning and disinfecting.

Whether the operations of a trade or business are considered essential or non-essential will often vary from jurisdiction to jurisdiction. An employer should determine whether it is an essential or non-essential business by referring to the governmental order affecting the employer's operation of its trade or business. For more information on when a business's operations are considered to be fully or partially suspended due to a governmental order, see "Determining When an Employer's Trade or Business Operations are Considered to be Fully or Partially Suspended Due to a Governmental Order."

**Example 1:** Governor of State Y issues an order that all non-essential businesses must close from March 20, 2020 until April 30, 2020. The order provides a list of non-essential businesses, including gyms, spas, nightclubs, barber shops, hair salons, tattoo parlors, physical therapy offices, waxing salons, fitness centers, bowling alleys, arcades, racetracks, indoor children's play areas, theaters, chiropractors, planetariums, museums, and performing arts centers. Employers that provide essential services may remain open. The governor's order is a governmental order limiting the operations of nonessential businesses, entitling employers with non-essential businesses to claim the Employee Retention Credit for qualified wages.

**Example 2:** Mayor of City Y holds a press conference in which she encourages residents to practice social distancing to prevent the spread of COVID-19. The statement during the press conference is not an order limiting commerce, travel, or group meetings. Accordingly, the mayor's statement would not be a governmental order for purposes of the Employee Retention Credit.

**Example 3:** A restaurant is ordered by a local health department to close due to a health code violation. Since the order is unrelated to COVID-19, it would not be considered a governmental order for purposes of the Employee Retention Credit.

## 29. If an employer voluntarily suspends operation of a trade or business or reduces hours due to COVID-19, even though that is not required by a governmental order, is the employer eligible to receive the Employee Retention Credit?

An employer that voluntarily suspends operation of a trade or business or reduces hours and is not subject to any governmental orders that restrict its operations is not eligible for the Employee Retention Credit on the basis of a full or partial suspension of its operations due to a governmental order. However, an employer that voluntarily suspends operations due to COVID-19 may be eligible for the Employee Retention Credit if it experiences a significant decline in gross receipts.

For more information about the application of this rule to an employer that operates a trade or business in multiple locations, see <u>Is an employer that operates a trade or business in multiple locations and is subject to a governmental order requiring full or partial suspension of its operations in some jurisdictions, but not in others, considered to have a <u>suspension of operations?</u>. For more information on what constitutes a significant decline in gross receipts, see <u>Determining When an Employer is Considered to have a Significant Decline in Gross Receipts</u>.</u>

Coronavirus Response Act

SICK LEAVE

PAYROLL TAX CREDITS

# RELATED TO SICK LEAVE & FAMILY LEAVE TAX CREDITS SICK & FAMILY LEAVE TAX CREDIT IN EXCEL FORM 7200 & INSTRUCTIONS FOR PAYROLL TAX CREDITS IRS INFORMATION ON EMPLOYER PAYROLL TAX CREDITS

## SICK LEAVE TAX CREDITS (1 of 2)

- PRIOR I AW
  - EMPLOYEE & SELF-EMPLOYED WITH COVID AND/OR UNDER QUARANTINE
    - CANNOT BE FOR PARTIAL DAYS (MUST BE OUT)
      - PART-TIME PAID AVERAGE HOURS
    - 100% OF PAYROLL PAID TO EMPLOYEE
      - NOT TO EXCEED \$511 PER DAY (\$5,110)
      - MAX 10 DAYS
    - OWNERS CAN TAKE THE CREDIT AS WELL
      - TAKEN AS PAYROLL TAX CREDIT
    - SELF-EMPLOYED CAN TAKE THE CREDIT ALSO
      - TAKEN AS TAX CREDIT ON FORM 1040
    - ENDS DECEMBER 31, 2020
    - NOT LIMITED TO EMPLOYER SOCIAL SECURITY TAXES (EQUIVALENT FOR SELF-EMPLOYED) & REFUNDABLE

#### THE STIMULUS SIGNED INTO LAW

- EMPLOYEE & SELF-EMPLOYED WITH COVID AND/OR UNDER QUARANTINE
  - CANNOT BE FOR PARTIAL DAYS (MUST BE OUT)
    - PART-TIME PAID AVERAGE HOURS
  - 100% OF PAYROLL PAID TO EMPLOYEE
    - NOT TO EXCEED \$511 PER DAY (\$5,110)
    - MAX 10 DAYS
  - OWNERS CAN TAKE THE CREDIT AS WELL
    - TAKEN AS PAYROLL TAX CREDIT
  - SELF-EMPLOYED CAN TAKE THE CREDIT ALSO
    - TAKEN AS TAX CREDIT ON FORM 1040
  - ENDS NOW MARCH 31, 2021
  - STILL NOT LIMITED TO EMPLOYER SOCIAL SECURITY TAXES (EQUIVALENT FOR SELF-EMPLOYED) & REFUNDABLE

## SICK LEAVE TAX CREDITS (2 of 2)

- PRIOR I AW
  - EMPLOYEE & SELF-EMPLOYED CARING FOR HOUSEHOLD FAMILY MEMBER WITH COVID AND/OR UNDER QUARANTINE
    - CANNOT BE FOR PARTIAL DAYS (MUST BE OUT)
      - PART-TIME PAID AVERAGE HOURS
    - 100% OF PAYROLL PAID TO EMPLOYEE
      - NOT TO EXCEED \$200 PER DAY
      - MAX 10 DAYS (\$2,000)
    - OWNERS CAN TAKE THE CREDIT AS WELL
      - TAKEN AS PAYROLL TAX CREDIT
    - SELF-EMPLOYED CAN TAKE THE CREDIT ALSO
      - TAKEN AS TAX CREDIT ON FORM 1040
    - PAYROLL TAX CREDIT LIMITED TO EMPLOYER PORTION OF SOCIAL SECURITY TAXES (6.2%)
    - ENDS DECEMBER 31, 2020
    - NOT LIMITED TO EMPLOYER SOCIAL SECURITY TAXES (EQUIVALENT FOR SELF-EMPLOYED) & REFUNDABLE

- THE STIMULUS SIGNED INTO LAW
  - EMPLOYEE & SELF-EMPLOYED CARING FOR HOUSEHOLD FAMILY MEMBER WITH COVID AND/OR UNDER QUARANTINE
    - CANNOT BE FOR PARTIAL DAYS (MUST BE OUT)
      - PART-TIME PAID AVERAGE HOURS
    - 100% OF PAYROLL PAID TO EMPLOYEE
      - NOT TO EXCEED \$200 PER DAY
      - MAX 10 DAYS (\$2,000)
    - OWNERS CAN TAKE THE CREDIT AS WELL
      - TAKEN AS PAYROLL TAX CREDIT
    - SELF-EMPLOYED CAN TAKE THE CREDIT ALSO
      - TAKEN AS TAX CREDIT ON FORM 1040
    - PAYROLL TAX CREDIT LIMITED TO EMPLOYER PORTION OF SOCIAL SECURITY TAXES (6.2%)
    - ENDS NOW MARCH 31, 2021
    - STILL NOT LIMITED TO EMPLOYER SOCIAL SECURITY TAXES (EQUIVALENT FOR SELF-EMPLOYED) & REFUNDABLE

## ADDITIONAL & EXTENSIVE EXAMPLES PROVIDED WITH EXCEL FILE PROVIDED LABELED "FFCRA PAYROLL TAX CREDITS EXCEL WORKSHEET"

			FAMI	LY FIRST C	ORONA	VIRU	JS RESPON	SE ACT: PA	AYR	OLL 1	TAX C	CRE	DIT TRA	CKI	NG							
This is experienced by red		•																				
See the maximum's below.	Do NOT act	without prof	essional tax a	lvice.				TRACKING EACH EMPLOYEE FOR THE WEEK, DAY BY DAY														
	Column A	Column B	Column C	Column D	olumn D Column E Column F																	
				SEE BELOW																		
				List	Maxin	num	List the	LIST	THE	AMOU	NT IN C	OLUI	MN F FOR T	HE D	AY THE EM	PLOYEE WAS O	UT A	ND <u>YOU PAI</u>	D THEM	Ad	d Up Total	
		Actual		Qualifying	\$511/Da	y (1)	Lesser of						LIST	COLU	JMN F EACH	IDAY				Ir	nitial Tax	
EMPLOYEE NAME	Hourly Pay*	Hours Paid	Daily Pay	Category	\$200/Day	(2)&(3)	Column C or E	MON	$\perp$	TUE	ES		WED		THUR	FRI		SAT	SUN		Credit	
Examples																-						
(1) WITH COVIDE/QUARANTINE	\$ 120.19	8	\$ 961.54	1	\$ 5.	11.00	\$ 511.00	0	\$	5 5	511.00	\$	511.00	\$	511.00	\$ 511.00	_	0	0	\$	2,044.00	Max 10 Days
(2) CARING FOR FAMILY	\$ 18.00	8	\$ 144.00	2	S 20	00.00	\$ 144.00	0	+	0		\$	144.00	\$	144.00	\$ 144.00	\$	144.00	\$ 144.	00 \$	720.00	May 10 Days
WITH COVID/QUARANTINE	\$ 10.00	0	3 144.00	2	3 2	70.00	9 144.00		_			Ψ	144.00	Ψ	144.00	\$ 144.00	Ψ	144.00	Ψ 111.	υ ψ	720.00	.viax io Days
WIII COVE QUIECEVIELE																						
(3) Family Paid Leave	\$ 8.00	8	\$ 64.00	3	\$ 20	00.00	\$ 64.00	\$ 64.0	00 \$		64.00	\$	64.00	\$	64.00	0		0	0	\$	256.00	Max \$10,000
Total								NOTE: It is	zero i	if the e	mplove	e is N	NOT gone (	or doe	esn't normal	ly work that day	v			\$	3,020.00	
CATEGORY OF EMPLOYER	E QUALIFYII	NG FOR CR	EDIT (LIST I	T ABOVE IN	COLUM	N D)																
(1) \$511 Max Per Day. 10 Days	Max. Employ	ee out with CO	OVID-19, symp	toms of COVII	D-19, quar	antine,	recommended	quarantine.														
(a) \$200 M B B 10 B	)	CARR	C FOR COLE	***************************************	COLUD	10		IID 10				1										
(2) \$200 Max Per Day. 10 Days	Max. Employ	ee out CARIN	G FOR SOME	WITH out with	n COVID	-19, syr	mptoms of CO	V 112-19, quara	ntine,	recom	mendec	a quai	rantine									
(3) \$200 Max Per Day. \$10,000	Max Per Emplo	oyee. Employ	ee out taking ca	re of son/daugh	nter under	18 hon	ne because sch	ool closed or c	are ta	ker un	availabi	le OR	R declared l	health	n emergency	y by Federal, sta	ate or	local govern	nment			
* HINT: For salaried employees,	, divide their an	nual, regular s	alary by 2,080 h	ours																		

# SICK LEAVE TAX CREDITS CALCULATING CREDIT ON EMPLOYEES (1 of 2)

EMPLOYEE WITH COVID AND/OR UNDER QUARANTINE (EXAMPLE APPLIES TO EITHER YEAR)
PAYROLL TAX CREDIT IS LESSER OF EMPLOYEES DAILY PAY OR \$511

**EXAMPLE 1:** EMPLOYEES FULL-TIME PAY IS \$12/HR

MAX 8 HOURS PER DAY. AVERAGE OVER-TIME NOT CONSIDERED

REQUIRED TO PAY 100% OF EMPLOYEE'S PAY

DAILY COMPENSATION = \$96

DOES NOT EXCEED \$511 PER DAY

EMPLOYEE OUT FOR 10 DAYS = \$960 PARYOLL TAX CREDIT

**EXAMPLE 2:** EMPLOYEES FULL-TIME PAY IS \$68,000 ANNUALLY

(DIVIDE BY 2,080 HOURS MULTIPLIED BY 8 HOURS) EMPLOYEES DAILY RATE IS \$261.54

MAX 8 HOURS PER DAY. AVERAGE OVER-TIME NOT CONSIDERED

REQUIRED TO PAY 100% OF EMPLOYEE'S PAY

DAILY COMPENSATION = \$261.54

DOES NOT EXCEED \$511 PER DAY

EMPLOYEE OUT FOR 10 DAYS = \$2,615 PARYOLL TAX CREDIT

THESE EXAMPLES DO NOT CORRELATE WITH THE EXAMPLES ON THE EXCEL SPREADSHEET

1/8/2021

EMPLOYEE WITH COV	ib, SYMPTO	MS OF CO	VID, UNDER QU	DAKANTINE, ETC.			
Max \$511/Day Pay, Max 1	0 Days (No Pa	artial Days)					
			(a)	(b)		# Days	Sick Leave
EMPLOYEE NAME	Hourly Pay	Hours Paid	Total Pay	Daily Max	Lesser of (a) or (b)	Out	Tax Credit
Sam	\$ 13.00	8	\$ 104.00	\$ 511.00	\$ 104.00	10	\$ 1,040.00
Sally (Salary \$186,000)	\$ 89.42	8	\$ 715.38	\$ 511.00	\$ 511.00	8	\$ 4,088.00
Roger	\$ 16.50	8	\$ 132.00	\$ 511.00	\$ 132.00	10	\$ 1,320.00
Lucy	\$ 24.75	8	\$ 198.00	\$ 511.00	\$ 198.00	7	\$ 1,386.00
Wayne	\$ 15.50	8	\$ 124.00	\$ 511.00	\$ 124.00	10	\$ 1,240.00
Lisa (Part-Time)	\$ 16.00	4	\$ 64.00	\$ 511.00	\$ 64.00	10	\$ 640.00
						Sick Leave Cred	it \$ 9,714.00
						EMPLOYEE "WITH"	
How to determine a salaried	emplovee's hou	rly rate?					
220	inployee s nou						

### YOU REPORT THE SICK LEAVE CREDIT ON LINE 2 OF FORM 7200

YOU DON'T SHOW YOUR CALCULATION ON THE FORM

#### Advance Payment of Employer Credits Due to COVID-19

Form I Z U U
March 2020)
Department of the Treasury

OMB No. 1545-0029

Department of the	e Treasury Service	► Go to www.	irs.gov/Form7200 f	or instructions and the la	test info	rmation.		
lame (not your	trade name)					Employer ident	fication r	umber (EIN)
rade name (if a	ny)					Applicable calen	dar quarte	er (check one)
						(2) April, N	/lay, June	
umber, street,	and apt. or su	ite no. If a P.O. box, see ins	ructions.			(3) July, A	ugust, Se	otember
						(4) Octobe	er, Novem	ber, December
ty or town, sta	ite, and ZIP co	de. If a foreign address, also	complete spaces bek	ow. (See instructions.)				
reign country	name		Foreign province	ce/county		Foreign postal c	ode	
es a third-par	ty payer file yo	our employment tax return?	(See instructions.) If "Yo	es," enter its name.		Third-party paye	r's EIN (if	applicable)
our employ e same ex ou can't red	ment tax re pected cre quest an ad	eturn for the applicable dits. You will need to	e quarter. Don't re reconcile your ac credit for sick an	deposits to fully account aduce your employment divanced credits and red d family leave for self-en	tax dep uced de	posits and reques eposits on your e	t advan	ced credits for
					0000	W.		
		•		form you file (or will file to (3) 944 or 944(SP		_		
			943 or 943-PR	(-)	) <b>(4)</b>	CT-1		Van 🗆 Na
		siness started on or af						Yes 🗌 No
	es," skip lin er of 2020.	e C unless you've air	eady filed Form 9	41, Form 941-PR, or Fo	rm 941	-SS for at least o	ne	
C Amou	unt reported	d on line 2 of your me	ost recently filed F	orm 941 (or wages rep	orted or	n Schedule R (Fo	rm	
				tions)). If you file a differ				
see in	nstructions						<b>•</b>	
D Enter	the total no	umber of employees y	ou have. See instr	ructions			▶ _	
art II	Enter You	r Credits and Adv	ance Requeste	d				
1 Total	employee i	retention credit for the	guarter. See instr	ructions			1	
				d paid this quarter. See	instruct	ions	2	
				and paid this guarter. Se			3	
		nd 3					4	
5 Total	amount by	which you have alrea		ederal employment tax	5			
		se credits for this quar			6			
	ines 5 and		revious filings of t	his form for this quarter	0		7	
			rom line 4. If zero	or less, don't file this for			8	
o Auva								IDCO Coo the
nird-		ant to allow an emplo ns for details. 🔲 <b>Ye</b>		reparer, or another person.	on to a	scuss this return	with the	IRS? See the
	IIIStruction	is for details.	s. Complete belov	v. 🔲 NO				
arty	Designee'	s name >			and n	none number >		
esignee			cation number /DI	N) to use when talking to				
		9 1		m, including any accompanying			to the box	t of my broudedee
				er (other than taxpayer) is base				
gn	Your sign			Date		Printed title		,
ere	Tour sign	ature		Date	- 1	Printed title		
	Printerior					Don't desidence of the		
	Printed name	eparer's name	Dranavar'a signatura		Date	Best daytime phone PTIN		
aid	Print/Type pr	eparer s name	Preparer's signature		Date	PIN		Check if self-employed
reparer								seir-employed
se Only	Firm's name	-				Firm's Elf		
	Firm's addre	88 🕨				Phone no	L	
ow o File	Fax your o	completed form to 855	5-248-0552.					
or Privacy				rate instructions	Cel	No 56392D	For	m <b>7200</b> (3-2020)

1/8/2021

# SICK LEAVE TAX CREDITS CALCULATING CREDIT ON EMPLOYEES (2 of 2)

EMPLOYEE CARING FOR HOUSEHOLD FAMILY MEMBER WITH COVID AND/OR UNDER QUARANTINE (EXAMPLE APPLIES TO EITHER YEAR) PAYROLL TAX CREDIT IS LESSER OF EMPLOYEES DAILY PAY OR \$200

**EXAMPLE 1:** EMPLOYEES FULL-TIME PAY IS \$12/HR

MAX 8 HOURS PER DAY. AVERAGE OVER-TIME NOT CONSIDERED

REQUIRED TO PAY 100% OF EMPLOYEE'S PAY

DAILY COMPENSATION = \$96

DOES NOT EXCEED \$200 PER DAY

EMPLOYEE OUT FOR 10 DAYS = \$960 PARYOLL TAX CREDIT

**EXAMPLE 2:** EMPLOYEES FULL-TIME PAY IS \$68,000 ANNUALLY

(DIVIDE BY 2,080 HOURS MULTIPLIED BY 8 HOURS) EMPLOYEES DAILY RATE IS \$261.54

MAX 8 HOURS PER DAY. AVERAGE OVER-TIME NOT CONSIDERED

REQUIRED TO PAY 100% OF EMPLOYEE'S PAY

DAILY COMPENSATION = \$261.54

EXCEEDS \$200 PER DAY

EMPLOYEE OUT FOR 10 DAYS = \$2,000 PARYOLL TAX CREDIT

SICK LEAVE PAYROLI	L TAX CREDIT	Γ					
EMPLOYEE CARING F	OR AN INDIV	IDUAL WIT	TH COVID, SYM	IPTOMS OF COV	ID, UNDER QUARANT	TINE, ETC.	
Max \$200/Day Pay, Max	10 Days (No Pa	artial Days)					
			(a)	(b)		# Days	Sick Leave
EMPLOYEE NAME	Hourly Pay	Hours Paid	Total Pay	Daily Max	Lesser of (a) or (b)	Out	Tax Credit
Sam	\$ 13.00	8	\$ 104.00	\$ 200.00	\$ 104.00	10	\$ 1,040.00
Sally (Salary \$186,000)	\$ 89.42	8	\$ 715.38	\$ 200.00	\$ 200.00	8	\$ 1,600.00
Roger	\$ 16.50	8	\$ 132.00	\$ 200.00	\$ 132.00	10	\$ 1,320.00
Lucy	\$ 24.75	8	\$ 198.00	\$ 200.00	\$ 198.00	7	\$ 1,386.00
Wayne	\$ 15.50	8	\$ 124.00	\$ 200.00	\$ 124.00	10	\$ 1,240.00
Lisa (Part-Time)	\$ 16.00	4	\$ 64.00	\$ 200.00	\$ 64.00	10	\$ 640.00
						Sick Leave Cr	edit \$ 7,226.00
						EMPLOYEE "CARING FOR"	

### YOU **ALSO** REPORT THE SICK LEAVE CREDIT ON LINE 2 OF FORM 7200

### YOU DON'T SHOW YOUR CALCULATION ON THE FORM

#### Advance Payment of Employer Credits Due to COVID-19

OMB No. 1545-0029

Name (not your trade name)  Employer identification number, street, and apt. or suite no. If a P.O. box, see instructions.  Number, street, and apt. or suite no. If a P.O. box, see instructions.  City or town, state, and ZIP code. If a foreign address, also complete spaces below. (See instructions.)  Foreign country name  Foreign province/county  Foreign province/county  Foreign postal code  Third-party payer file your employment tax return? (See instructions.) If "Yes," enter its name.  Third-party payer's EIN (if a postal code instructions) If "Yes," enter its name.  Third-party payer's EIN (if a postal code instructions) If "Yes," enter its name.  Third-party payer's EIN (if a postal code instructions) If "Yes," enter its name.  Third-party payer's EIN (if a postal code instructions) If "Yes," enter its name.  Third-party payer's EIN (if a postal code instructions) If "Yes," enter its name.  Third-party payer's EIN (if a postal code instructions) If "Yes," enter its name.  Third-party payer's EIN (if a postal code instructions) If "Yes," enter its name.  Third-party payer's EIN (if a postal code instructions) If "Yes," enter its name.  Third-party payer's EIN (if a postal code instructions) If "Yes," enter its name.  Third-party payer's EIN (if a postal code instructions) If "Yes," enter its name.  Third-party payer's EIN (if a postal code instructions) If "Yes," enter its name.  Third-party payer's EIN (if a postal code instructions) If "Yes," enter its name.  Third-party payer's EIN (if a postal code instructions) If "Yes," enter its name.  Third-party payer's EIN (if a postal code instructions) If "Yes," enter its name.  Third-party payer's EIN (if a postal code instructions) If "Yes," enter its name.  Third-party payer's EIN (if a postal code instructions) If "Yes," enter its name.  Third-party payer's EIN (if a postal code instructions) If "Yes," enter its name.  Third-party payer's EIN (if a postal code instructions) If "Yes," enter its name.  Third-party payer's EIN (if a postal code instructions) If	er (check one)  otember  ber, December  applicable)  oct to claim on ced credits for
April, May, June  (2)April, May, June  (3)July, August, Sep  (4)October, Novemb  City or town, state, and ZIP code. If a foreign address, also complete spaces below. (See instructions.)  Foreign country name  Foreign province/county  Foreign province/county  Foreign postal code  Third-party payer file your employment tax return? (See instructions.) If "Yes," enter its name.  Third-party payer's EIN (if a foreign address, also complete spaces below. (See instructions.)  Third-party payer's EIN (if a foreign postal code  Third-party payer's EIN (if a foreign province/county)  Third-party payer's EIN (if a foreign postal code  Third-party payer's EIN (if	applicable)  act to claim on ced credits for
umber, street, and apt. or suite no. If a P.O. box, see instructions.  (3)	applicable) applicable oct to claim on ced credits for
ty or town, state, and ZIP code. If a foreign address, also complete spaces below. (See instructions.)  Foreign country name  Foreign province/county  Foreign postal code  Third-party payer file your employment tax return? (See instructions.) If "Yes," enter its name.  Third-party payer's EIN (if a pure employment tax return for the applicable quarter. Don't reduce your employment tax deposits and request advance as same expected credits. You will need to reconcile your advanced credits and reduced deposits on your employment an advance payment of the credit for sick and family leave for self-employed individuals.  Part I Tell Us About Your Employment Tax Return  Check the box to indicate which employment tax return form you file (or will file for 2020):	applicable) applicable oct to claim on ced credits for
reign country name  Foreign province/country  Foreign postal code  Foreign postal code  Foreign postal code  Foreign postal code  Third-party payer file your employment tax return? (See instructions.) If "Yes," enter its name.  Third-party payer's EIN (if a province/country payer file your employment tax return for the applicable quarter. Don't reduce your employment tax deposits and request advance as same expected credits. You will need to reconcile your advanced credits and reduced deposits on your employment an advance payment of the credit for sick and family leave for self-employed individuals.  Tell Us About Your Employment Tax Return  Check the box to indicate which employment tax return form you file (or will file for 2020):	applicable) applicable on the column on column
reign country name  Foreign province/county  Foreign postal code  Foreign postal code  Foreign postal code  Foreign postal code  Third-party payer sell (if a  pr. File Form 7200 if you can't reduce your employment tax deposits to fully account for these credits that you expected credits. You will need to reconcile your advanced credits and reduced deposits and request advance can't request an advance payment of the credit for sick and family leave for self-employed individuals.  Tell Us About Your Employment Tax Return  Check the box to indicate which employment tax return form you file (or will file for 2020):	ect to claim on ced credits for
es a third-party payer file your employment tax return? (See instructions.) If "Yes," enter its name.  Third-party payer's EIN (if a pp. File Form 7200 if you can't reduce your employment tax deposits to fully account for these credits that you expected urremployment tax return for the applicable quarter. Don't reduce your employment tax deposits and request advance same expected credits. You will need to reconcile your advanced credits and reduced deposits on your employment can't request an advance payment of the credit for sick and family leave for self-employed individuals.  Tell Us About Your Employment Tax Return  Check the box to indicate which employment tax return form you file (or will file for 2020):	ect to claim on ced credits for
p: File Form 7200 if you can't reduce your employment tax deposits to fully account for these credits that you expertive expected credits. You will need to reconcile your advanced credits and reduced deposits on your employment tax advance or can't request an advance payment of the credit for sick and family leave for self-employed individuals.  Tell Us About Your Employment Tax Return  Check the box to indicate which employment tax return form you file (or will file for 2020):	ect to claim on ced credits for
ur employment tax return for the applicable quarter. Don't reduce your employment tax deposits and request advance same expected credits. You will need to reconcile your advanced credits and reduced deposits on your employment can't request an advance payment of the credit for sick and family leave for self-employed individuals.  2art   Tell Us About Your Employment Tax Return  A Check the box to indicate which employment tax return form you file (or will file for 2020):	ced credits for
A Check the box to indicate which employment tax return form you file (or will file for 2020):	
B Is this a new business started on or after January 1, 2020?	Yes 🗌 No
Amount reported on line 2 of your most recently filed Form 941 (or wages reported on Schedule R (Form 941), column (c), by your third-party payer (see instructions)). If you file a different employment tageturn, see instructions	
Enter the total number of employees you have. See instructions	
art II Enter Your Credits and Advance Requested	
1 Total employee retention credit for the quarter. See instructions	
2 Total qualified sick leave wages eligible for the credit and paid this quarter. See instructions	
Total qualified family leave wages eligible for the credit and paid this quarter. See instructions 3  4 Add lines 1, 2, and 3	
5 Total amount by which you have already reduced your federal employment tax deposits for these credits for this quarter	
6 Total advanced credits requested on previous filings of this form for this quarter 6	
7 Add lines 5 and 6	
Advance requested. Subtract line 7 from line 4. If zero or less, don't file this form	
Do you want to allow an employee, a paid tax preparer, or another person to discuss this return with the instructions for details.   Yes. Complete below.   No	IRS? See the
arty Basinasais asses \$	
esignee Designee's name ► and phone number ►	
Select a 5-digit personal identification number (PIN) to use when talking to the IRS ▶	
Under penalties of perjury, I declare that I have examined this form, including any accompanying schedules and statements, and to the best and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has an	
gn Your signature Date Printed title	,
Printed name Best daytime phone	
aid Print/Type preparer's name Preparer's signature Date PTIN	Check if if self-employed
eparer Firm's name ► Firm's EIN ►	
Se Only Firm's address P	
OW Easy your completed form to 955 249 0552	
o File	

1/8/2021



### FAMILY LEAVE TAX CREDITS

#### PRIOR I AW

- EMPLOYEE & SELF-EMPLOYED UNABLE TO WORK BECAUSE OF A NEED TO CARE FOR ACHILD WHOSE SCHOOL OR PLACE OF CARE IS CLOSED OR WHOSE CHILD CARE PROVIDER IS UNAVAILABLE DUE TO CORONAVIRUS PANDEMIC
  - CAN BE FOR PARTIAL DAYS
    - PART-TIME PAID AVERAGE HOURS
  - 100% OF PAYROLL PAID TO EMPLOYEE
    - NOT TO EXCEED \$200 PER DAY
    - MAX \$10,000 PER EMPLOYEE
  - OWNERS CAN TAKE THE CREDIT AS WELL
    - TAKEN AS PAYROLL TAX CREDIT
  - SELF-EMPLOYED CAN TAKE THE CREDIT ALSO
    - TAKEN AS TAX CREDIT ON FORM 1040
  - ENDS DECEMBER 31, 2020
  - NOT LIMITED TO EMPLOYER SOCIAL SECURITY TAXES (EQUIVALENT FOR SELF-EMPLOYED) & REFUNDABLE

#### THE STIMULUS SIGNED INTO LAW

- EMPLOYEE & SELF-EMPLOYED UNABLE TO WORK BECAUSE OF A NEED TO CARE FOR ACHILD WHOSE SCHOOL OR PLACE OF CARE IS CLOSED OR WHOSE CHILD CARE PROVIDER IS UNAVAILABLE DUE TO CORONAVIRUS PANDEMIC
  - CAN BE FOR PARTIAL DAYS
    - PART-TIME PAID AVERAGE HOURS
  - 100% OF PAYROLL PAID TO EMPLOYEE
    - NOT TO EXCEED \$200 PER DAY
    - MAX \$10,000 PER EMPLOYEE
  - OWNERS CAN TAKE THE CREDIT AS WELL
    - TAKEN AS PAYROLL TAX CREDIT
  - SELF-EMPLOYED CAN TAKE THE CREDIT ALSO
    - TAKEN AS TAX CREDIT ON FORM 1040
  - EXTENDED TO MARCH 31, 2021
  - NOT LIMITED TO EMPLOYER SOCIAL SECURITY TAXES (EQUIVALENT FOR SELF-EMPLOYED) & REFUNDABLE

## LET'S CALCULATE SICK LEAVE TAX CREDITS

OPEN EXCEL SPREADSHEET CALLED "ERTC EXCEL WORKSHEET"

THE EXCEL SPREADSHEET HAS FOUR (4) WORKSHEETS
FIND THEM AT THE BOTTOM OF THE SPREADSHEET
SHOULD LOOK LIKE THIS



NOTE ON OPENING THE EXCEL SPREADSHEET

THE WORKSHEET HAS BEEN LOCKED (PROTECTED)
YOU CAN UNLOCK (UNPROTECT) IT UNDER THE "REVIEW" TAB
IN THE "REVIEW" TAB YOU CAN SELECT "UNPROTECT"

THERE IS NO PASSWORD

IF YOU UNLOCK, ANY CHANGES ARE OF YOUR OWN

CHECK ALL CALCULATIONS.

THIS WAS NOT PROVIDED TO PROVIDE EXCEL FORMULA'S FOR YOUR CALCULATIONS.

**EXAMPLE PURPOSES ONLY.** 

1/8/2021

EMPLOVEE UNA	DI E TO WOD	K DECATIO	E OF A NEED	TO CAPE FOR A	CHILD SEE GUIDEL	INEC DDECENTE	מי
Max \$200/Day Pay, Max				TO CARE FOR A	CHILD SEE GUIDEL	INES PRESENTE	.D
• • •		·					
			(a)	(b)		# Days	Family
EMPLOYEE NAME	Hourly Pay	Hours Paid	Total Pay	Daily Max	Lesser of (a) or (b)	Out	Tax Credit
Sam	\$ 13.00	8	\$ 104.00	\$ 200.00	\$ 104.00	10	\$ 1,040.00
Sally (Salary \$186,000)	\$ 89.42	8	\$ 715.38	\$ 200.00	\$ 200.00	8	\$ 1,600.00
Roger	\$ 16.50	8	\$ 132.00	\$ 200.00	\$ 132.00	10	\$ 1,320.00
Lucy	\$ 24.75	8	\$ 198.00	\$ 200.00	\$ 198.00	7	\$ 1,386.00
Wayne	\$ 15.50	8	\$ 124.00	\$ 200.00	\$ 124.00	10	\$ 1,240.00
Lisa (Part-Time)	\$ 16.00	4	\$ 64.00	\$ 200.00	\$ 64.00	10	\$ 640.00
							\$ 7,226.00
					F	FAMILY LEAVE CREDIT	
How to determine a salaried	l employee's hou	rly rate?			Γ	DIFFERENCE WIT	H THIS CREDIT
					I	S YOU HAVE TO	TRACK THE
Annual Salary Divided by 2	2,080  Hours = Ho	urly Rate			A	AGGREGATE AS T	THE TOTAL
					Т	AX CREDIT PER	EMPLOYEE IS \$10

#### YOU REPORT THE **FAMILY** LEAVE **CREDIT ON LINE 3** OF FORM 7200

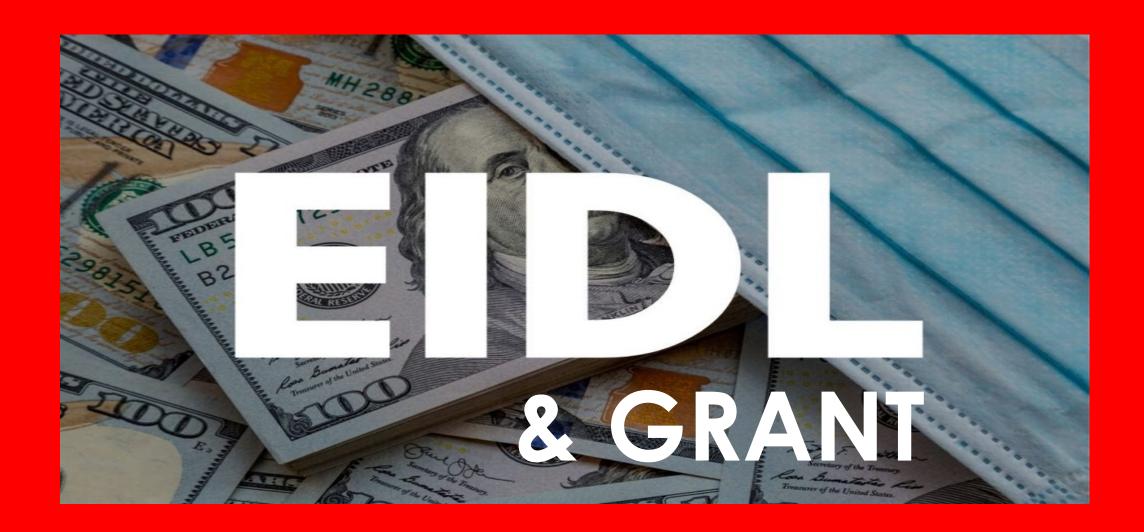
YOU DON'T SHOW YOUR CALCULATION ON THE FORM

#### Advance Payment of Employer Credits Due to COVID-19

OMB No. 1545-0029

epartment of the ternal Revenue	e Treasury Service  Go to www	w.irs.gov/Form7200 for inst	tructions and the late	est informat	ion.		
ame (not your t					Employer identi	fication n	umber (EIN)
de name (if a	ny)				Applicable calend	dar quarte	er (check one)
					(2) April, M	lay, June	
mber, street,	and apt. or suite no. If a P.O. box, see in	nstructions.			(3) July, Au	gust, Ser	otember
					(4) Octobe	r, Novem	ber, December
or town, sta	ite, and ZIP code. If a foreign address, a	ilso complete spaces below. (See	instructions.)				
eign country	name	Foreign province/coun	ty		Foreign postal co	xde	
es a third-par	ty payer file your employment tax return	? (See instructions.) If "Yes," ent	er its name.		Third-party payer	's EIN (if	applicable)
ur employi same ex u can't rec	m 7200 if you can't reduce yo ment tax return for the applica pected credits. You will need quest an advance payment of t	ble quarter. Don't reduce to reconcile your advance he credit for sick and fam	your employment of credits and redu	tax deposit	s and request sits on your en	advan	ced credits for
	Tell Us About Your Employ						
	k the box to indicate which em						
			944 or 944(SP)	(4)	CT-1		
	a new business started on or					<b>-</b>   '	Yes 🗌 No
	s," skip line C unless you've a er of 2020.	already filed Form 941, Fo	orm 941-PR, or For	m 941-SS	for at least or	10	
	ount reported on line 2 of your most recently filed Form 941 (or wages reported on Schedule R (Form						
	column (c), by your third-party	payer (see instructions)).	If you file a differe	ent employ	ment taggetur	n,	
	structions					<b>-</b>	
	the total number of employees	,	18			<b>-</b>	
	Enter Your Credits and Ad	•					
	employee retention credit for the					1	
	qualified sick leave wages eligi				_	2	
	qualified family leave wages eli	-	id this quarter. See	instruction	ns	3	
	ines 1, 2, and 3				上	4	
	amount by which you have alre sits for these credits for this qu	,	employment tax	5			
	advanced credits requested on	previous filings of this for	m for this quarter	6			
	ines 5 and 6				· · · 👝	7	
3 Adva	nce requested. Subtract line 7	from line 4. If zero or less	s, don't file this forn	n	🔘	8	
ird-	Do you want to allow an empiristructions for details.		r, or another perso	n to discus	ss this return v	with the	IRS? See the
rty signee	Designee's name ►			and phone	number ►		
o.gcc	Select a 5-digit personal ident	ification number (PIN) to u	se when talking to	the IRS ▶			
	Under penalties of perjury, I declare that						
an l	and belief, it is true, correct, and comp	lete. Declaration of preparer (othe	r than taxpayer) is based	on all informat	tion of which prepared	arer has a	ny knowledge.
re	Your signature		Date	Printe	d title		
l	Printed name	Best o	faytime phone				
id	Print/Type preparer's name	Preparer's signature		Date	PTIN		Check if
							self-employed
eparer	Firm's name ▶	•			Firm's EIN	<b>•</b>	
se Only	Firm's address ▶				Phone no.		
ow File	Fax your completed form to 8	55-248-0552.					
	CEANG PADERWORK REQUESION AC	Nouse, see me senarata ir	structions.	Cat. No.	56392D	Eor	m <b>7200</b> (3-2020)

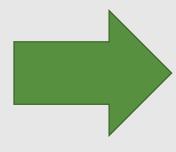
1/8/2021



# EIDL (ECONOMIC INJURY DISASTER LOAN)

- PRIOR I AW
  - AVAILABLE AT www.SBA.gov
  - NO LONGER INCLUDED EIDL GRANT WHEN APPLYING
  - NOT-FORGIVABLE
  - REQUIRED USE IS FOR ON-GOING OPERATING EXPENSES
  - ONE EIDL (LOAN) PER BUSINESS

- THE STIMULUS SIGNED INTO LAW
  - STILL AVAILABLE AT www.SBA.gov
  - POSSIBLY INCLUDES EIDL GRANT WHEN APPLYING (UNKNOWN RIGHT NOW)
  - STILL NOT-FORGIVABLE
  - STILL FOR REQUIRED USE OF ON-GOING OPERATING EXPENSES
  - STILL ONE EIDL (LOAN) PER BUSINESS
  - THERE IS NO 2<sup>ND</sup> LOAN MADE AVAILABLE
  - WHAT THE STIMULUS INCLUDES IS AN EXPANSION OF THE EIDL GRANT ONLY



- PRIOR LAW
  - NOT RFPAYABLE
  - REDUCES DOWN PPP FORGIVENESS
  - NOT INCOME
  - REDUCES TAX DEDUCTIONS
  - EXHAUSTED (RAN OUT OF MONEY)

AT THIS TIME THE DETAILS OF THIS. IT APPEARS YOU WILL REAPPLY. IT IS UNKNOWN IF YOU SHOULD APPLY TODAY AS THIS WAS JUST IMPLEMENTED. UP TO YOU IF YOU APPLY NOW. I AM ADVISING CLIENTS TO WAIT TO APPLY UNTIL SBA CLEARLY INDICATES HOW, AS IT APPEARS TO BE COMPLETELY UNRELATED TO GETTING AN EIDL "LOAN" WHICH AT THIS TIME IS THE ONLY WAY TO APPLY FOR A GRANT, IS APPLY FOR THE EIDL "LOAN." POSSIBLY YOU CLOG OR SLOW YOUR OPPORTUNITY IF YOU ALREADY APPLIED FOR THE EIDL "LOAN" AND/OR ALREADY GOT AN EIDL "GRANT." IF YOU HAVE NO APPLIED FOR THE EIDL "LOAN" YOU CAN DO SO, AND NOT WAIT. HOWEVER, IT IS UNKNOWN IF THAT PUTS YOU IN LINE FOR THIS PARTICULAR EIDL "GRANT."

- THE STIMULUS SIGNED INTO LAW
  - STILL NOT REPAYABLE
  - DOES NOT REDUCE DOWN ANY PPP FORGIVENESS
  - STILL NOT INCOME
  - DOES NOT REDUCE TAX DEDUCTIONS
  - REPLENISHED
    - SBA TO DETERMINE IF RETROACTIVE
      - JJ PROJECTED NOT RETROACTIVE BECAUSE NEW REQUIREMENTS
    - SBA TO DETERMINE IF STILL \$1,000 PER EMPLOYEE, UP TO \$10,000
      - JJ PROJECTED WILL BE \$10,000 PER APPLICANT
    - UNKNOW IF THIS IS AN EIDL GRANT 2.0

IT APPEARS IT IS BECAUSE OF THE NEW REQUIREMENTS
HOWEVER, PREVIOUS EIDL GRANT MAY REDUCE
AMOUNT TO RECEIVE. SBA & STIMULUS NOT CLEAR YET

#### REPEATING WHAT WAS HIGHLIGHTED IN PRIOR SLIDE TO ENSURE YOU SEE THIS

YOU MUST PAY CLOSE ATTENTION TO THIS. NO ONE KNOWS AT THIS TIME THE DETAILS OF THIS. IT APPEARS YOU WILL RE-APPLY. IT IS UNKNOWN IF YOU SHOULD APPLY TODAY AS THIS WAS JUST IMPLEMENTED. UP TO YOU IF YOU APPLY NOW. I AM ADVISING CLIENTS TO WAIT TO APPLY UNTIL SBA CLEARLY INDICATES HOW, AS IT APPEARS TO BE COMPLETELY UNRELATED TO GETTING AN EIDL "LOAN" WHICH AT THIS TIME IS THE ONLY WAY TO APPLY FOR A GRANT, IS APPLY FOR THE EIDL "LOAN." POSSIBLY YOU CLOG OR SLOW YOUR OPPORTUNITY IF YOU ALREADY APPLIED FOR THE EIDL "LOAN" AND/OR ALREADY GOT AN EIDL "GRANT." IF YOU HAVE NOT APPLIED FOR THE EIDL "LOAN" YOU CAN DO SO, AND NOT WAIT. HOWEVER, IT IS UNKNOWN IF THAT PUTS YOU IN LINE FOR THIS PARTICULAR EIDL "GRANT."

The stimulus bill includes the Economic Injury Disaster Loan (EIDL) funding. The next step is for the SBA to issue guidance and instructions for applying. At this time, it appears that small business owners will be able to apply for emergency EIDL Grants sometime in early January 2021. You must pay close attention to this issue if you feel you will qualify.

Congress allocated another \$20,000,000,000 in emergency EIDL grants (advances) in the new stimulus bill (not to the EIDL "Loan").

Previously the EIDL "grant" (or advance) was for those who applied for an EIDL "loan," and was in the amount of up to \$10,000. SBA later determined that those EIDL "grants" would be \$1000 per employee with a maximum of \$10,000. This ended because the money for the EIDL "grant" ran out. Money for the EIDL "loan" did not run out of money, and no indication has been provided it will run out of money. Hence why the stimulus bill did not include a provision for it.

**UNKNOWN,** however, businesses that previously applied for an EIDL and meet the new qualifications out of the stimulus bill may receive the full \$10,000 grant (minus any amount already received) even if their EIDL "loan" applications were not approved. The SBA must inform us of this. You must track this after this seminar, as it is unknown at this time.

Again, this information is changing rapidly and is based on the understanding of the programs. It can and likely will change. Pay attention to any new information as it becomes available. At this time, do not rely on this program for your financial decisions. Consult with your advisers if you feel you should act before the SBA releases additional information on this program.

#### How do I qualify for the new emergency EIDL grant?

To qualify for the full \$10,000 EIDL grant, a business must:

- Be located in a low-income community, and
- Have suffered an economic loss greater than 30%, and
- Employ not more than 300 employees
- Must qualify as an eligible entity as defined in the CARES Act:
  - A small business
  - This includes an individual who operates under as a sole proprietorship,
    - with or without employees,
    - or as an independent contractor;
- The business must have been in operation by January 31, 2020
- The business must be directly affected by COVID-19

\*At this time it is unknown whether this requirement is reduced to 300 employees for new EIDL "loan" applicants. Further guidance required from the SBA.

#### **ECONOMIC LOSS DEFINED**

"The amount by which the gross receipts of the covered entity declined during an 8-week period between March 2, 2020, and December 17, 2020, relative to a comparable 8-week period immediately preceding March 2, 2020, or during 2019." The SBA will need provide additional information and a formula for seasonal businesses.

#### A LOW INCOME COMMUNITY IS DEFINED

By Section 45D(e) of the Internal Revenue Code of 7 1986 as follows: "The term "low-income community" means any population census tract if the poverty rate for such tract is at least 20 percent, or in the case of a tract not located within a metropolitan area, the median family income for such tract does not exceed 80 percent of statewide median family income, or in the case of a tract located within a metropolitan area, the median family income for such tract does not exceed 80 percent of the greater of statewide median family income or the metropolitan area median family income." (There are some additional ways areas may qualify as a low-income community in that reference.) Eligible new applicants will also be able to apply BUT we will need guidance from the SBA to clarify that. It would seem that it will be a separate application process, not currently available.

#### How do I apply for these new EIDL grants?

- The legislation says that a qualified business ("covered entity") may submit a request to the SBA Administrator and receive the full \$10,000 EIDL grant regardless of whether their application for an EIDL "is or was approved," they accepted an EIDL loan, or they previously received a PPP loan.
- Any EIDL Grant (not loan) previously received (appears) will be subtracted from the \$10,000 EIDL Grant.
- The SBA will be required to notify anyone who received a previous EIDL grant or who applied but did not receive one because funding was exhausted, that they may be able to apply for the full \$10,000 grant. Timing of that is unknown at this time.
- If a business requests an EIDL grant (appears to be through a new application process), the SBA will have 21 days after receiving the request to verify whether the business is eligible. If eligible, the grant will be provided and if not, the applicant must be told why the SBA did not consider them eligible. It does not spell out at this time the verification procedure other than to state that the SBA may request any documentation necessary, including tax records, even if that information has been requested before.
- The legislation states the SBA will process applications in the order received, except that priority will be given to those who previously received an EIDL grant under the CARES Act, followed by those who did not receive a grant because funding was exhausted.
- The procedure for requesting the full grant is unknown at this time. Guidance from the SBA is needed. It appears this happen in early January 2021.

#### Will I have to reapply if I got an EIDL grant for less than \$10,000?

- The legislation requires the SBA Administrator to notify those who received a previous EIDL grant as well as those who applied but did not get a grant because funds were exhausted.
- It does not specify how that notice must be given.
- Until the SBA releases further guidance, we do not know a specific date when this will take place.

## EIDL GRANT (ADVANCE) & PPP 2.0

- In addition to the EIDL grants your business may qualify and receive PPP loan 2.0.
- Do not delay applying for PPP 2.0 once available, waiting to see how this program works.
- These are 2 separate programs.
- The EIDL Grant (either one) will not affect PPP 1.0 or PPP 2.0.
  - The EIDL Grant (either one) will not reduce down the forgiveness of PPP 1.0 or PPP 2.0
- NOTE:
  - This new EIDL Grant will not be taxable
  - This new EIDL Grant will not reduce down tax deductions

### BONUS MATERIAL TO FOLLOW:

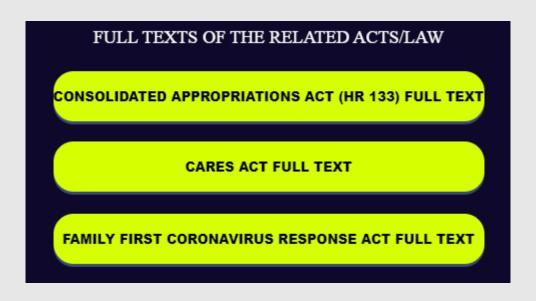
THESE ARE PROVISIONS ALREADY IN PLACE FROM PRIOR ACTS, BUT WOULD BE GOOD FOR YOU TO BE AWARE OF, EVEN THOUGH NOT PART OF THE NEW STIMULUS BECAUSE IT WAS ALREADY IN PLACE AND DIDN'T CHANGE WITH THE NEW STIMULUS.

I will extend my time of answering questions by going LIVE tonight on my YouTube channel at 8:00 pm cst

(HOWEVER) I will ONLY answer questions ONLY emailed to me ONLY at this email listed here ONLY

JJ@JJtheCPAhelp.com

# I WILL NOT BE ANSWERING QUESTIONS SUBMITTED ANYWHERE ELSE



pages listed are to the pdf containing the Act, and are the starting page to the section

Page 1927	(STIMULUS STARTS HERE) TITLE II: ASSISTANCE TO INDIVIDUALS, FAMILIES, &BUSINESSES
Page 1927	Unemployment Assistance Section (STARTS HERE)
Page 1928	Extending CARES Act Pandemic Unemployment Assistance to March 14, 2021
Page 1929	Extending CARES Act to 50 weeks total of PUA being available (from 39 weeks)
Page 1930	Unemployment: 11 weeks at \$300 per weeks (12/26/2020 and ending on or before 3/14/2021)
Page 1944	Extensions of Unemployment provisions of the Family First Coronavirus Response Act
Page 1952	Unemployment provisions continuing to include the self-employed
Page 1956	Mixed earner unemployment compensation provisions

pages listed are to the pdf containing the Act, and are the starting page to the section

Page 1965	(TAX ASPECTS STARTS HERE) Subtitle B: COVID-Related Tax Relief Act of 2020
Page 1966	Economic Impact Payments (aka Stimulus checks) & correlating tax credits
Page 2003	Extension of deferred payroll taxes to be repaid by an employee
Page 2004	SEC. 276. CLARIFICATION OF TAX TREATMENT OF FORGIVENESS OF COVERED LOANS
Page 2004	Tax treatment of original PPP (Not income. No deductions reduced by forgiveness.)
Page 2005	Tax treatment of PPP 2.0 (Same as original PPP)
Page 2007	SEC. 277. Emergency Financial Aid Grants (For Students. Not Businesses)
Page 2008	SEC. 278. Tax treatment of forgiveness of farm loans (Same as PPP)

pages listed are to the pdf containing the Act, and are the starting page to the section

Page 2009	Emergency EIDL Grants & Targeted EIDL Advances (Not income. No deductions reduced.)
Page 2010	Subsidy for SBA making SBA loan payments, interest & fees (Not income. No deductions reduced.)
Page 2012	Grants under Economic Aid to Hard-Hit Small Businesses, Non-Profits & Venues Act THESE ARE NOT GRANTS FROM CARES ACT (Not income. No deductions reduced.)
Page 2033	Extension of credits for paid sick & family leave (On or before March 31, 2021)
Page 2033	Payroll credit for paid sick leave to employees extended to 3/31/21
Page 2034	Self-employment tax credit for sick leave still applies to self-employed & thru 3/31/21
Page 2035	Payroll credit for paid family leave to employees extended to 3/31/21
Page 2036	Self-employment tax credit for family leave still applies to self-employed & thru 3/31/21

1/8/2021

pages listed are to the pdf containing the Act, and are the starting page to the section

Page 2037	Such tax credits taken in 2020 will not affect same credits taken in 2021 (separates)	
Page 2038	Self-employed can use prior year earnings from self-employment in determining average daily self-employment income for sick leave & family leave credits	
Page 2042	(Starts here) Paycheck Protection Program 2 & Other Small Business Support aka "Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act"	,
Page 2043	Eligible expenses of PPP 2.0	
Page 2045	Additional (new) eligible expenses of PPP 2.0	
Page 2054	SEC. 306. Covered period of PPP 2.0 (8 or 24 weeks)	
Page 2055	Simplified application process to obtain PPP 2.0 (Up to \$150,000)	
Page 2059	Application process to obtain PPP 2.0 (more than \$150,000)	

pages listed are to the pdf containing the Act, and are the starting page to the section

Page 2064	Eliaibility requi	rements of PPP 2.0

Page 2071	PPP 2.0 related to seasonal	employ	vers
· • •   • • • • • • • • • • • • • • •			,

Page 2072 PPP 2.0 related to new er	entities
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Page 2073 NAICS 72 related entities (factor of 3.5)

Page 2075 Simplified certification to obtain PPP 2.0 for up to \$150,000 related to gross receipts test

Page 2077 PPP 2.0 loan forgiveness provisions

Page 2079 PPP 2.0 loan forgiveness documents to provide

Page 2086 SEC. 313. PPP 2.0 provisions for farmers & ranchers

Page 2092 Definition of seasonal employer for PPP 2.0

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pages listed are to the pdf containing the Act, and are the starting page to the section

Page 2098	Eligibility of affiliated entities under PPP 2.0
Page 2106	SEC. 320. Bankruptcy provisions of PPP
Page 2124	Grants for live venues, theatrical producer or live performing arts, and related
Page 2153	SEC. 325. Extension of the debt relief program
Page 2164	SEC. 326. Modifications to 7(a) loan programs
Page 2184	SEC. 331. Targeted EIDL Grant (Advance) for small business
Page 2193	SEC. 333. Repeal of EIDL Grant (Advance) deduction
Page 4927	SEC. 206. Employee Retention Credit (ERTC) Didn't change the 2020 calculation
Page 4929	New provisions related to taking ERTC & receiving PPP (can get both now)

1/8/2021

pages listed are to the pdf containing the Act, and are the starting page to the section

Page 4932 ERTC Retroactive, report in quarter after the enactment date (4<sup>th</sup> quarter)

Page 4933 SEC. 207. Extension & modification to ERTC

70% of eligible wages, up to \$10,000 per employee, per quarter

Extended to quarters 1 & 2 in 2021 (before 7/1/2021)

## PAYROLL TAX WITHHELD DEFERRAL

- APPLIES TO:
  - EMPLOYERS THAT OPTED TO DO THIS &
  - EMPLOYEES THAT OPTED TO DO THIS
- EMPLOYEES COULD ELECT TO NOT HAVE SOCIAL SECURITY TAX WITHHELD FROM WAGES (6.2%)
- ELECTION ALLOWED FROM WAGES PAID SEPTEMBER 1 DECEMBER 31, 2020
  - PRIOR LAW
    - REPAYMENT DATES
      - JANUARY 1 APRIL 30, 2021
        - ALL TAXES NOT WITHHELD DUE TO BE REPAID DURING THIS PERIOD
      - PENALTIES & INTEREST ACCRUE STARTING MAY 1, 2021

• THE STIMULUS SIGNED INTO LAW

- REPAYMENT DATES
  - JANUARY 1 DECEMBER 31, 2021
    - ALL TAXES NOT WITHHELD DUE TO BE REPAID DURING THIS PERIOD
  - PENALTIES & INTEREST ACCRUE STARTING JANAURY 1, 2022
- ALLOWS MORE TIME TO FOR THE EMPLOYEE TO REPAY THE IRS

# KEY AREAS TO LOOK AT YOUR PERSONAL TAX RETURN FOR 2020 TO HELP ENSURE YOU PAY THE LEAST AMOUNT OF TAX

- 2020 Form 1040, LINE 13!!!!!!!! The qualified business income deduction
  - Do you have a business? File schedule c or f?
  - Get a k-1 from an s-corp or partnership?
  - Most of the time there should be an amount here!
  - If not, find form 8995 or 8995-a and be sure it was calculated properly.
- Don't give up making sure this line item is right as it is an "out of thin air" tax deduction.
  - This deduction did not require you to spend any money and is up to 20% of your net business income.
  - There are other limitations, such as your agi, taxable income, the type of business it is, however, if you have a business and don't see an amount on this line item you are just shooting yourself in the foot if you don't ask and/or further investigate.
- While it is complicated, it is so valuable that you can't just shrug it off or be afraid to ask!
- If you net business income is \$200,000, this is a \$40,000 tax deduction that could save you around \$15,000 in taxes

## THE CARES ACT: ADDITIONAL PROVISIONS

- EXCESS BUSINESS LOSSES PROVISIONS REMOVED FOR 2018, 2019
   AND 2020, WITH LOSSES ALLOWED ABOVE THE \$500K/\$250K (2018)
   AND \$510K/\$205K (2019) LIMITATIONS
  - NOT REQUIRED TO AMEND RETURNS IF LIMITS WERE APPLIED
  - CAN AMEND RETURNS TO REMOVE LIMITS
  - NOW HAVING QIP AT 15 YEARS & ELIGIBLE FOR BONUS DEPRECIATION, WOULD LEAD TO OTHER TAX PLANNING AVENUES TO CONSIDER BACK TO 2018
- NET OPERATING LOSSES (NOLS)
  - FOR 2018, 2019 & 2020 NOLS
    - CAN BE CARRIED BACK 5 YEARS & CARRIED OVER INDEFINITELY
    - ALLOWABLE UP TO 100% OF TAXABLE INCOME, THEN CARRIED

## THE CARES ACT: ADDITIONAL PROVISIONS

- Any AMT (Alternative Minimum Tax) credit carryovers can be taken with a 100% provision in the calculation (up from 50%)
  - For individuals and corporations (previously subjected)
- For any interest expense limited for those businesses with gross receipts in excess of \$26 million, the limit increased from 30% to 50% FOR 2018, 2019 & 2020 (IRS 163j)

# CARES Act 'Retail Glitch' Fix: Claiming the Bonus Depreciation

- Tucked away within the pages of the CARES Act is a provision that retroactively "fixes" the so-called "retail glitch" created by the 2017 tax reform legislation.
- The "retail glitch" refers to an apparent oversight in the 2017 tax reform legislation that treated qualified improvement property as nonresidential real property—so that it did not qualify for the valuable bonus depreciation option. This relief now allows restaurants and retailers—some of the businesses hardest hit by the COVID-19 pandemic—to take advantage of 100% bonus depreciation on qualified improvement property through 2022. Because the relief applies retroactively, the IRS has offered these small business clients several options for taking advantage of retroactive bonus depreciation.
- Before jumping in, carefully consider each option in order to maximize the value of the benefit, including conducting a case-by-case analysis of the interplay between bonus depreciation, the business interest deduction rules and NOL relief.

# CARES Act 'Retail Glitch' Fix: Claiming the Bonus Depreciation

- QUALIFIED IMPROVEMENT PROPERTY, UNDER TCJA TAX LAW AND NOW UNDER THE CARES ACT
  - It is the non-structural components of non-residential real estate
  - Placed in service after the real estate is placed in service
  - Can be immediately after date placed in service
    - Recent IRS ruling deemed that when the shell of a commercial building is complete, when any part of it is leased, the portion that is leased, is considered placed in service upon the execution of the lease, and thus, any non-structural improvements after that date is considered QIP.
  - DEPRECIATED OVER 15 YEARS FOR REGULAR DEPRECIATION
    - OVER 20 YEARS FOR THE "ADS" METHOD OF DEPRECIATION
  - ELIGIBLE PREVIOUSLY FOR SECTION 179, NOW ALSO ELIGIBLE FOR 100% BONUS DEPRECIATION

# Depreciation Reminders

- WITH BONUS DEPRECIATION, EACH CLASS LIFE ELECTIONS HAVE TO BE THE SAME
  - Bonus depreciation can be taken in excess of net income & can create a loss
- WITH SECTION 179, IT CAN BE ELECTED ASSET BY ASSET
  - Depreciation is limited to net income, plus compensation to owners
  - 2020 limit is \$1,040,000 (reduced as acquisitions exceed \$2,590,000)
- For each individual asset under \$2,500 it can be immediately expensed vs. depreciated

# CARES Act 'Retail Glitch' Fix: Claiming the Bonus Depreciation

- Under the CARES Act, we are able to go back and amend 2018 and/or 2019 to take advantage of the depreciation changes
  - To reclass the life from 39 year to 15
  - And/or to allow for bonus depreciation
  - And/or to allow for section 179 depreciation
  - And/or to not take section 179 and take instead bonus depreciation
- If you don't want to amend the tax return(s), you can use form 3115 to take the difference of depreciation as a deduction on the 2020 tax return for the "catch-up" amount

## COMMERCIAL REAL ESTATE OWNERS

- NO DEPRECIATION
- ONLY OVER LIFE
- 100% BONUS/SEC 179/LIFE
- SECTION 179/LIFE
- SECTION 179/LIFE
- SECTION 179/LIFE
- SECTION 179/LIFE
- 100% BONUS/SEC 179/LIFE
- 100% BONUS/SEC 179/LIFE
- 100% BONUS/SEC 179/LIFE
- 100% BONUS/SEC 179/LIFE

- 0 yearsLAND (NOT DEPRECIABLE)
- ∘ 39 years BUILDING STRUCTURE
- 15 years
   BUILDING NON-STRUCTURE
- 39 yearsROOF
- ∘ 39 years HVAC
- 39 yearsSECURITY SYSTEM
- ∘ 39 years ALARM SYSTEM
- 15 years
   SIDEWALKS, DRIVEWAYS & PARKING LOTS

- 10 years
   FLOORING, CARPET (NOT FOUNDATION)
- 7 yearsBUILT-INS, FIXTURES, LIGHTING

## RESIDENTIAL REAL ESTATE OWNERS

- NO DEPRECIATION
- ONLY OVER LIFE
- 100% BONUS/LIFE
- 100% BONUS/LIFE
- 100% BONUS/LIFE
- 100% BONUS/LIFE

- 0 years

- 27.5 years
- 27.5 years

- 15 years
- 10 years
- 10 years
- 7 years

- LAND (NOT DEPRECIABLE)
- 27.5 years
   BUILDING STRUCTURE
- 27.5 years
   BUILDING NON-STRUCTURE
  - ROOF
  - HVAC
- 27.5 yearsSECURITY SYSTEM
- 27.5 years ALARM SYSTEM
  - SIDEWALKS, DRIVEWAYS & PARKING LOTS
  - LANDSCAPING, TREES
  - FLOORING, CARPET (NOT FOUNDATION)
  - BUILT-INS, FIXTURES, LIGHTING

### SECURE ACT: MAJOR RETIREMENT PROVISIONS

- 401(K) PLANS WITH AUTOMATIC ENROLLMENT CAN INCREASE SAFE HARBOR LIMITS FROM 10% TO 15%
- EMPLOYERS WHO CONTRIBUTE AT LEAST 4% CAN ADD THE SAFE HARBOR FEATURE
- SMALL EMPLOYERS WHO START AN EMPLOYER PENSION PLAN GET AN UP TO \$5,000 PER YEAR TAX CREDIT, EACH YEAR, FOR THE FIRST 3 YEARS (UP TO \$15,000 IN TAX CREDITS)
  - LIMITED TO QUALIFIED EXPENSES TO START UP THE PLAN WITH A LIMITATION OF
  - THE GREATER OF \$500 OR
  - THE LESSER OF \$5,000
  - OR \$250 MULTIPLIED BY THE NUMBER OF NON-HIGHLY COMPENSATED EMPLOYEES ELIGIBLE FOR THE PLAN
- FOR SMALL EMPLOYERS WITH EXISTING PLANS, \$500 TAX CREDIT FOR OFFERING AUTOMATIC ENROLLMENT
- BUSINESSES CAN TREAT QUALIFIED RETIREMENT PLANS ADOPTED BEFORE THE DUE DATE (INCLUDING EXTENSIONS) OF THE TAX RETURN FOR THE TAXABLE YEAR AS HAVING BEEN ADOPTED AS OF THE LAST DAY OF THE TAXABLE YEAR
  - PRIOR TO THE SECURE ACT, IN ORDER FOR A QUALIFIED RETIREMENT PLAN TO BE TREATED AS
     MAINTAINED FOR A TAX YEAR, THE PLAN MUST HAVE BEEN ADOPTED BY THE LAST DAY OF THE TAX YEAR
- PART-TIME EMPLOYEES WILL SOON BE ELIGIBLE TO PARTICIPATE IN 401(K) PLANS STARTING IN 2021
  - THE LOOK BACK PERIOD BEGINS 1/1/21 TO DETERMINE THE HOURS NEED TO ACHIEVE ELIGIBILITY
  - IF THE EMPLOYEE EITHER HAS OVER 1,000 HOURS IN ONE YEAR OR AT LEAST 500 HOURS PER YEAR FOR THE PAST 3 CONSECUTIVE YEARS. THE EMPLOYEE MUST BE 21 YEARS OLD, BUT ONLY IN THE YEAR OF ELIGIBILITY. THE LOOK BACK HOURS CAN BEGIN BEFORE THE EMPLOYEE TURNS 21. 1/8/2021

On the website page you have been getting your materials, there will be a link to the video within approximately 24 hours.

The webpage will be deactivated 48 hours after the seminar because you will have received the link, and all the materials will be linked in the BODY of the video.

The video will be on YouTube, unlisted. Please don't share the link to protect the integrity of what was put together and you paid for.



# THANK YOU SO MUCH FOR ATTENDING!

BE SURE TO CHECK OUT MY OTHER SEMINARS

YOU'VE NEVER MET A
CPA QUITE LIKE

JJ THE CPA

#JJtheCPA