



Highlights of New COVID Relief Bill

(Last night, President Trump signed the new Covid Relief Bill. The following information, provided by our friends at the Business Council of New York, highlights some of the most important aspects.)

Mandatory FFCRA Leave Ends on December 31, 2020

There is no extension of Families First Coronavirus Response Act (FFCRA) paid sick leave/paid FMLA benefits. Employees are not entitled to additional FFCRA leave after December 31, 2020. As of January 1, 2021, covered private-sector employers may voluntarily provide paid leave that otherwise would have qualified for FFCRA if the FFCRA had not expired, and if they do, they may take the tax credit associated with this leave. The tax credit may only be taken for leave through March 31, 2021.

The Paycheck Protection Program (PPP)

An additional \$284 billion is allocated for the PPP. In addition, PPP eligibility is expanded to include all nonprofits, including 501(c)(6) organizations, with some limitations based on employment (under 300) and lobbying activity (less than 15% of expenditures). Businesses that already received a PPP loan will be eligible to get a second one under the new terms. Some of the PPP funds will be set aside for the smallest businesses and community-based lenders and provides \$20 billion in Economic Injury Disaster Loans grants for smaller businesses. [A summary of the PPP provisions can be found here.](#)

EIDL Grants

The new law reopens the \$10,000 Economic Injury Disaster Loans (EIDL) Grant program. Priority for the full amount of the EIDL grant will be given to businesses with less than 300 employees, located in low-income neighborhoods, who have experienced a 30 percent reduction in gross receipts during any 8-week period between March 2, and December 31, 2020 compared to a comparable 8-week period before March 2. If you meet this description and received a grant that is less than \$10,000 you can reapply to receive the difference.

Extension of the Employee Retention Tax Credit

The bill extends (through June 30, 2021) and expands the refundable Employee Retention Tax Credit (ERTC), which was established in the CARES Act. The credit rate is increased from 50 percent to 70 percent of qualified wages; expands eligibility for the credit by reducing the required year-over-year gross receipts decline from 50 percent to 20 percent and provides a safe harbor allowing employers to use prior quarter gross receipts to determine eligibility; increases the 100-employee delineation for determining the relevant qualified wage base to employers with 500 or fewer employees, and allows businesses with PPP loans to qualify, among other changes.



Health and Dependent Care Flexible Spending Arrangements

The bill allows taxpayers to rollover unused amounts in their health and dependent care flexible spending arrangements from 2020 to 2021 and from 2021 to 2022. This provision also permits employers to allow employees to make a 2021 mid-year prospective change in contribution amounts.

Employer-provided Student Loan Repayment

The CARES Act temporarily allowed employers to provide student loan repayment as a benefit to employees through December 31, 2020. Under this provision, an employer may contribute up to \$5,250 annually toward an employee's student loans, and such payment would be excluded from the employee's income. The \$5,250 cap applies to both the new student loan repayment.

An Extension of Expanded Unemployment Insurance

The bill extends two Coronavirus Aid, Relief, and Economic Security Act (CARES Act) unemployment programs for 11 weeks. Specifically, the bill provides \$300 per week for all workers receiving unemployment benefits, through March 14, 2021. The bill also extends the Pandemic Unemployment Assistance (PUA) program, with expanded coverage to the self-employed, gig workers, and others in non-traditional employment, and the Pandemic Emergency Unemployment Compensation (PEUC) program, which provides additional weeks of federally funded unemployment benefits to individuals who exhaust their regular state benefits. Additionally, the bill increases the maximum number of weeks an individual may claim benefits through the combination of regular state unemployment plus the PEUC program, or through the PUA program, to 50 weeks. The bill also provides an extra benefit of \$100 per week for certain workers who have both wage and self-employment income but whose base UI benefit calculation does not take their self-employment into account.

Deduction for Business Meals

The bill provides a temporary allowance of full deduction for business meal food and beverage expenses provided by a restaurant that are paid or incurred in 2021 and 2022. Currently, the deduction is available for only 50 percent of such expenses.