

The \$900 billion Pandemic Relief Bill, which included the second stimulus package, was signed on December 27th, 2020. In this stimulus package, there are several new items which could potentially apply to your business:

### **1. New Round of PPP Draw “2” Loans.**

- A. Companies which show a 25% loss for any quarter of 2020 compared to 2019 will be able to apply for a second draw PPP loan.
  - i. All money from the first PPP loan must be spent and/or paid back before you receive second round funds.
  - ii. You can use 2020 or 2019’s payroll amounts to calculate your loan amount.
- B. Restaurants and any industry starting with a “72” NAICS code will be able to apply for 3.5x the monthly payroll amount.
- C. If you did not receive a first draw PPP, you can only apply for the first draw PPP loans (which is now available), not the second draw.

### **2. Employee Retention Credit – Updated December 27th, 2020**

- A. New Update: even if you received a PPP loan, you can now claim the employee retention credit (refundable payroll tax credit).

#### 2020:

- 1. Businesses with 100+ employees can only claim the credit for wages paid to employees who were not working (but still being paid). Businesses with 100 or less employees can claim the credit whether the employee worked or not.
- 2. Allowed a 50% credit for wages paid to each employee of \$10K (a \$5K credit per employee for the full year).
- 3. Must have a decrease in revenues of 50% or greater, or must have been paying an employee during a government mandated shut-down. Note: Restaurants are considered government mandated shut-down.
- 4. Cannot used wages which were paid with PPP money to claim the credit

#### 2021:

- 1. Businesses with 500+ employees can only claim the credit for wages paid to employees who were not working (but still being paid). Businesses with 500 or less employees can claim the credit whether the employee worked or not.
- 2. Allows for a 70% credit for wages paid to each employee of \$10K (a \$7K credit per employee PER QUARTER [Q1 and Q2 only]). Total of \$14K per employee for 2021.
- 3. Must have a decrease in revenues of 20% or greater, or must have been paying an employee while government mandated shut-down. Again, restaurants are considered government mandated shut-down as of right now.
- 4. Cannot used wages which were paid with PPP money to claim the credit

If you have any questions or need any assistance with any of the items above, please reach out to your accountant to get more information.