



JKing & Associates, PLLC.

The Latest COVID-19 Relief Legislation: What You Need To Know



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Latest COVID-19 Relief Legislation

What's In It for Flooring Professionals:

- Revisions to PPP loans.
- Second Round of PPP loans.
- Tax Benefits.
- Emergency Economic Injury Disaster Loan (“EIDL”) Grant.
- Paid Sick and Family Leave.
- COVID-19 Liability.



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Revisions to PPP loans:

- Reopens PPP loans to:
 - The borrower previously returned all of a PPP loan.
 - The borrower returned part of a PPP loan, the borrower may reapply for an amount equal to the difference between the amount retained and the amount previously approved.
 - The borrower did not accept the full amount of a PPP loan for which it was approved, the borrower may request an increase in the amount of the PPP loan up to the amount previously approved.
 - Partnerships that did not include partner.



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Revisions to PPP loans:

- Added Allowable Expenses:
 - *Operations Expenditure* —computing, human resources, payroll, etc.
 - *Covered Worker Protection Expenditure* — Personal protective equipment (masks, HVAC, plexiglass barriers, etc..)
 - *Covered Supplier Cost* — Necessary supplies when bought.
 - *Clarification on Payroll Costs* — All employer-provided group insurance benefits (e.g., group life, disability, vision or dental.
 - *Covered Property Damage Cost* — Due to public disturbances.



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Revisions to PPP loans:

- Forgiveness:
 - Can include new allowable expenses, **UNLESS** already forgiven.
 - “Streamlined” Loan forgiveness application for loans under \$150,000.
 - Number of employees retained;
 - Amount of the loan spent on payroll costs;
 - Total loan amount.
 - FTE restoration safe harbor until March 31, 2021.
 - No deduction for Emergency Economic Injury Disaster Loan (“EIDL”) grant
 - Flexible covered period-- Any time between 8-weeks and 24-weeks after loan origination.
 - Issue if less than 60% on payroll



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Second Round of PPP loans:

- Eligibility:
 - Has no more than 300 employees;
 - Has suffered a 25% or more reduction in gross revenues;
 - No amount remaining from prior PPP loan **or** will use the full amount of their first PPP; and
- Maximum of:
 - \$2 million for each business, or
 - Up to \$4 million for a single corporate group.



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Second Round of PPP loans:

- Calculate borrower's payroll costs is for either CY19 or CY20.
- Sole proprietorships and independent contractors can also use 1-year period before loan
- 25% reduction in business:
 - Compared 2020 to 2019, or
 - One quarter in 2020 to same quarter in 2019.
 - Any 1st PPP loan forgiven not included.



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Second Round of PPP loans:

- Amount
 - 2.5 X the average monthly payroll costs in the one year prior to the loan or the calendar year 2019.
 - Maximum of \$2 million.
- Forgiveness—Same rules as PPP loans:
 - 100% forgivable.
 - 60% used for payroll.
 - Allowable costs, including new allowable costs.



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Tax Benefits:

- PPP Loan Proceeds:
 - Loan amount forgiven not income.
 - Expenses paid deductible business expenses.
 - No reduction in tax basis and other attributes of the borrower's assets because of the loan forgiveness.



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Tax Benefits:

- Employee Retention Tax Credit (“ERTC”).
 - Extended through June 30, 2021.
 - Increasing amount of the tax credit from 50% to 70% of “qualified wages.”
 - PPP borrowers claim the ERTC on eligible wages not used to support PPP loan forgiveness.



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Tax Benefits:

- Other tax issues:
 - Retirement Account.
 - Deferred withholdings of employees' share of social security taxes until Dec. 31 2021
 - "Three-Martini Lunch Deduction"



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Emergency Economic Injury Disaster Loans (“EIDL”):

- Can receive both an EIDL and a PPP loan.
 - Must be used for different purpose.
- Extends covered period through December 31, 2021.
- Low-income communities.



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Paid Sick and Family Leave

- Not mandatory,
- **BUT**
- Check state and local requirements.
- Tax credit if provide:
 - Through March 31, 2021.
 - Must be COVID-19 related.



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COVID-19 Liability

- No blanket immunity,

BUT

- Minimize risk by complying with CDC, OSHA, and local requirements.



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Other Developments

New DOL Independent Contractor Rule:

- Economic Reality Test—5 factors:
 - **Control over the work;**
 - **Profit or loss based on initiative and/or investment;**
 - Skill required for the work;
 - Permanence of the working relationship; and
 - Integrated unit of production.
- None dispositive.
- Actual practice.
- Prior practice.