

American Rescue Plan Act of 2021



CORDELL, NEHER & COMPANY, PLLC

Certified Public Accountants

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Cordell, Neher & Company, PLLC, one of the largest Certified Public Accounting firms in North Central Washington with individual and business clients spanning the globe. The Firm has been providing businesses, not-for-profit organizations and individuals with financial and tax planning assistance for more than 50 years. The Firm is comprised of experienced, dedicated professionals with widely diverse backgrounds and areas of technical expertise. Because business and personal accounting today is so broad in scope, specialized expertise is needed to offer a full range of accounting services.



Topics

- Economic Impact Payments
- Individual Tax Provisions- 2020 Filing
- Expanded Child Tax Credit
- Child & Dependent Care Credit
- Rental & Housing Assistance
- Other Individual Provisions
- COBRA Continuation Coverage
- Childcare Stabilization Grants
- Restaurant Revitalization Grants
- Expanded Employee Retention Credit
- Sick & FMLA Credits
- Targeted EIDL Advances
- Paycheck Protection Program



Economic Impact Payments

- Economic Impact Payments
 - \$1,400 per person
 - Payments to be direct deposited 3/18 (tomorrow)
 - Dependents over 17 now qualify
 - Income Limits:
 - Single- \$75,000 fully phased out at \$80,000
 - Head of household- \$112,500 fully phased out at \$120,000
 - Married filing joint- \$150,000 fully phased out at \$160,000



Individual Tax Provisions- 2020 Filing

- Taxability of Unemployment
- Exclusion for \$10,200 of Unemployment income
 - AGI limit \$150,000
- Premium Tax Credit
 - No repayment for 2020 Premium Tax credit



Expanded Child Tax Credit (2021 Only)

- \$3,600 for children under 6
- \$3,000 for children up to age 18
- Advance of credit beginning July 2021
- Credit fully refundable
- Expanded credit phased out for AGI over:
 - Single \$75,000
 - Head of Household \$112,500
 - Married filing Joint \$150,000



Child & Dependent Care Credit

- Credit for up to 50% of qualified expenses
- Reduction in credit percentage begins at \$125,000 AGI
- Maximum credit \$4,000 for one child or \$8,000 for multiple children
- Credit starts to phase out completely if adjusted gross income exceeds \$400,000



Rental & Housing Assistance

- Rental assistance fund to be used to pay rent & utilities
- Homeowner assistance fund established to pay housing costs
- Both programs administered by states- more to come



Other individual Provisions

- Expanded unemployment continued at \$300 per week through Labor Day
- Premium tax credit expanded for 2021 & 2022
- Excess business loss limitation extended through 2026
- “Disaster Related” funeral costs covered
- Expanded earned income tax credit



COBRA Continuation Coverage

- Employees who qualify for COBRA Coverage will have premiums paid by employers from 4/1/21-9/30/21
- Employers will receive a credit for the premiums paid
- Employers must send out new COBRA Notices by 5/31/21



Childcare Stabilization Grants

- Assistance for qualified childcare providers to be administered by states
- Qualified state-licensed providers:
 - Open and available to provide childcare on date of grant
 - Close due to public health, financial hardship, or other COVID-19 related reasons
- Grant amount based on current operating expenses
- Funds may be used for:
 - Personnel costs
 - Rent
 - Personal protective equipment
 - Purchase or update of supplies & equipment
 - Goods & services necessary to maintain or resume childcare
 - Mental health supports for children & employees



Restaurant Revitalization Grants

- Eligible entities:
 - Place of business where public or patrons assemble for the primary purpose of being served food or drink
- Does not include:
 - State or local business operated entity
 - Businesses which own or operate (together with affiliated businesses) more than 20 locations
 - Businesses who have received or have a pending application for Shuttered Venue Grant
 - Publically traded companies



Restaurant Revitalization Grants

- Grants up to \$10,000,000 per entity and \$5,000,000 per location
- Grants calculated based on difference between 2020 and 2019 gross revenue reduced by and PPP Loans received
- Grant must be spent on qualified expenses incurred between February 15, 2020 and December 31, 2021
- Qualified expenses include:
 - Payroll costs
 - Mortgage payments (principal and interest)
 - Rent
 - Utilities
 - Maintenance
 - Supplies
 - Food & beverage costs
 - Covered supplier costs
 - Operational Expenses
 - Paid sick leave



Expanded Employee Retention Credit

- Employee Retention Credit:
 - Allowed for all 4 quarters of 2021
 - Expanded eligibility for recovery startup businesses
 - Expanded eligibility for severely distressed employers
- Retention Credit Overview:
 - Retention Credit allowed for taxpayers who received PPP loans
 - 50% of wages up to \$10,000 per employee per year (2020)
 - Must have a 50% reduction in gross revenues in any quarter of 2020 vs 2019 to qualify
 - Can qualify without revenue reduction if operations fully or partially suspended due to orders from government related to COVID-19
 - 70% of wages up to \$10,000 per employee per quarter (2021)
 - Must have a 20% reduction in revenue in 2021 compared to 2019 to qualify for increased credit



Sick & FMLA Credits

- Employer payroll tax credits extended to September 30, 2021
- Limit on family leave increased to \$12,000
- Paid leave credits allowed for leave due to COVID-19 Vaccination
- Limitation on overall number of days taken resets after March 31, 2021



Targeted EIDL Advance

- Additional \$10B in funding for Targeted EIDL Advance Grants under December 2020 bill
- \$5B in funding for additional EIDL Advance Grants to businesses who have:
 - Suffered an economic loss of greater than 50% and
 - Employ 10 or less employees
 - Up to \$5,000



Paycheck Protection Program

- Additional \$7.25B in Funding
- Shuttered Venue Operators Grant recipients may apply for PPP loan after December 27, 2020
- PPP Expanded for sole proprietors
- PPP Applications open through 3/31 for first or second draws





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