

**From:** Jonathan@puzzlehr.com,

**To:** peteblke@aol.com,

**Subject:** RE: Checking on potential article on PPP etc?

**Date:** Wed, Dec 30, 2020 2:49 pm

**Attachments:**

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## Employee Retention Tax Credit: What's new!

Good news lies ahead! If your business received a PPP loan, you are no longer prohibited from claiming the employee retention tax credit; however, a credit may not be claimed for wages paid with the proceeds of a PPP loan that have been forgiven (this means no double dipping).

This change is retroactive to the effective date under the original law (for wages paid after March 12, 2020). As a result, a company that received a PPP loan in 2020 and paid qualified wages in excess of the amount of the forgiven PPP loan used to pay wages, and is otherwise eligible to claim the credit, should be able to file amended employment tax returns to claim the credit.

Furthermore, companies related to a PPP borrower that did not claim the credit because an affiliated company that shares common ownership received a PPP loan, should also be able to file amended employment tax returns to claim the credit, if they were otherwise eligible to do so.

Companies that did not claim the credit due to a PPP loan should review the credit requirements to determine if they might be eligible to claim the credit for qualified wages paid after March 12, 2020.

The availability of the employee retention credit has been extended to the first two quarters of 2021, with the dates for qualified wages now falling between March 12, 2020 and before July 1<sup>st</sup>, 2020, and with this change comes even more enhancements that are set to take place January 1<sup>st</sup>, 2021:

- The credit amount is increased to 70% of qualified wages vs. the original 50%, and now includes the cost to continue providing health benefits.
- The credit cap is increased to \$7,000 for each of the first two quarters of 2021, so that the maximum credit for 2021 will be \$14,000. This amount is also available even if the employer received the \$5,000 maximum in 2020.
- Business operations that are either fully or partially suspended by a COVID-19 lockdown order, or for a quarter in 2021, if gross receipts are less than 80% of gross receipts for the same quarter in 2019 are now eligible for the credit.
- The threshold will now be raised to 500 employees so that for the first two quarters of 2021, a company with 500 or fewer employees will be eligible for the credit, even if employees are working. (Originally, it was 100 employees.)

Note that in calculating this 500-employee threshold, the employees of all affiliated companies sharing more the 50% common ownership are aggregated.

## Paycheck Protection Program Updates

On December 27th, President Trump signed a new COVID-19 relief bill that not only provides renewed Paycheck Protection Program funding, but now, also expands what can be forgiven. PuzzleHR is here to provide you with the who, how, and what's behind the new legislation.

Who may be eligible for the next round of funding?

- Businesses, nonprofits, self-employed workers and independent contractors
- Previous borrowers can also apply a second time around if they have 300 or less employees and can demonstrate a loss of %25 in gross receipts in 2020, relative to the comparable periods in 2019.

First time PPP borrowers will be subject to the same eligibility rules as the original rollout.

How much?

Loan amounts will be based on the applicant's payroll as it was the first go around. While the maximum for second-draw loans is \$2 million, eligible second-time borrowers might be able to borrow an amount equal to 2 ½ times their average monthly payroll costs.

Small businesses in the accommodation and food service industries could qualify for loans 3 ½ times their average monthly payroll.

What's in it for you!

As before, the loan can be used over a 24-week period, and the funds can be used for rent, payroll and mortgage expenses.

Keep in mind, 60% of the funds must be used on payroll expenses to receive full forgiveness and the other 40% may be used on eligible costs as defined by the SBA's guidelines.

Now included in forgivable expenses are:

- Personal protective equipment.
- Operations expenditures (payment for any software, cloud computing and other human resources and accounting needs)- this means your PuzzleHR service fees are included in forgiveness!
- Property damage costs such as those related to public disturbances that occurred during 2020 and are not covered by insurance.
- Supplier costs such as expenditures to a supplier pursuant to a contract, purchase order, or order for goods in effect prior to taking out the loan that are essential to the recipient's operations at the time at which the expenditure was made. Supplier costs of perishable goods can be made before or during the life of the loan.

Some more good news-these new forgivable expenses now apply to loans made before, on, or after the date of enactment, and, any expenses used to apply for forgiveness are now tax deductible!

Best,

Jb

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**From:** Peter Blake <peteblke@aol.com>  
**Sent:** Wednesday, December 30, 2020 1:48 PM  
**To:** Jonathan Boehmer <Jonathan@puzzlehr.com>  
**Subject:** Checking on potential article on PPP etc?

Just checking in to see if we will be getting an article on the new PPP requirements and how to apply, etc.

Pete