

**HICKMAN & HICKMAN, PLLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

UPDATED February 9, 2021

Dear Valued H&H clients,

As the coronavirus (COVID-19) continues to affect local communities and global economies, you may have concerns about your company's financial well-being as well as the well-being of your employees. Or you may be wondering about how recently passed legislation impacts you and your enterprise. We're providing a high-level summary of some of the key provisions impacting businesses. As this crisis continues to evolve, we will update you with the latest information we can to the best of our ability.

**Relief available**

Watch out for potential Coronavirus related scams! [Learn more about how to take extra precautions](https://www.irs.gov/newsroom/irs-issues-warning-about-coronavirus-related-scams-watch-out-for-schemes-tied-to-economic-impact-payments)  
<https://www.irs.gov/newsroom/irs-issues-warning-about-coronavirus-related-scams-watch-out-for-schemes-tied-to-economic-impact-payments>.

**Income tax provisions have not been changed for the 2020 Tax Year.**

- The corporate tax return filing deadline for S Corps (1120S) and Partnerships (1065) is March 15, 2021.
- The corporate tax return filing and payment deadline for C Corps (1120) is April 15, 2021.
- First quarter of 2021 estimated tax payment deadline for C Corps (1120) is April 15, 2021.
- The Texas Comptroller Franchise Tax Return filing and payment deadline is May 17, 2021.

**Payroll Tax Credits**

- Employee Retention Tax Credit (ERTC): A refundable tax credit has been created to assist employers in retaining employees. If you received a PPP loan, you are still eligible for this credit with respect to wages that were not paid with forgiven PPP proceeds. *Eligibility Requirements:*  
<https://www.irs.gov/newsroom/faqs-employee-retention-credit-under-the-cares-act>
  - 2020 ERTC: The credit is computed at 50% of qualified wages paid by eligible employers for up to \$10,000 paid to each employee between March 13, 2020 and Dec. 31, 2020.
  - 2021 ERTC: The credit is computed at 70% of qualified wages paid by eligible employers for up to \$10,000 paid to each employee per quarter between January 1, 2021 and June 30, 2021.
- Emergency Paid Sick Leave Act (EPSLA) & Emergency Family and Medical Leave Expansion Act (Expanded FMLA): A refundable tax credit has been created to assist employers when paying employees who were unable to work or telework. *Eligibility Requirements:* <https://www.irs.gov/newsroom/covid-19-related-tax-credits-for-paid-leave-provided-by-small-and-midsize-businesses-faqs>

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- Subject to limitations and exceptions, employers of less than 500 employees are required to provide mandatory sick time and paid family leave but are eligible for payroll tax credits to offset the costs. Eligible self-employed individuals also qualify for the credits. Healthcare providers and emergency responders are excluded; employers with fewer than 50 employees can be exempted.
- Payroll tax credits for paid sick and family leave have been extended through March 31, 2021.
- Employers (including self-employed individuals) will be able to postpone the employer's share of Social Security taxes on wages paid from Sept. 1, 2020 through Dec. 31, 2020. The delayed payments are due in two equal payments, one due Dec. 31, 2021 and the second due Dec. 31, 2022.

**Small Business Administration (SBA) loans- EIDL and PPP**

- Small businesses (including sole proprietors) are eligible to apply for an Economic Injury Disaster Loan. This is NOT a grant program. <https://covid19relief.sba.gov/#/>
- Certain businesses may be eligible to apply for the Shuttered Venue Operations Grant. <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/shuttered-venue-operators-grant>
- Small businesses may also apply for a loan through the Payroll Protection Program-2<sup>nd</sup> Draw. This program is designed to help provide capital to cover the cost of retaining employees. If certain criteria are met, the loan can be forgiven. [PPP Information for Borrowers](#)
- PPP loan debt forgiveness isn't taxable income if the forgiven amounts are used for the several permitted purposes. A deduction will be allowed for otherwise deductible business expenses paid with the proceeds of a PPP loan that is forgiven. This applies towards the 1<sup>st</sup> and 2<sup>nd</sup> Draw PPP loans. The 2<sup>nd</sup> Draw PPP loans have to be made during the period beginning on January 13, 2021 through March 31, 2021.
- Other SBA programs are also available. For more guidance, see <https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>.

**Other business provisions**

- Unfortunately, many businesses are facing losses due to the economic impacts from the pandemic. For losses arising in tax years 2018, 2019 and 2020, a five-year carryback is now allowed to help businesses recoup some of their prior taxes.

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- Interest expense deduction limitations are more taxpayer favorable. Under prior legislation, net interest expense was limited to 30% of adjusted taxable income. This limitation has been increased to 50% for tax years 2019 and 2020.
- Depreciation modifications were made in connection with non-residential qualified improvement property to allow for a faster write-off of these assets. Under prior legislation, this type of property was required to be depreciated over 39 years. Under the recent legislation, this depreciation period has been reduced to 15 years, and these assets will now be eligible for bonus depreciation which will allow for an immediate deduction of the entire cost of the property.

**Protecting our clients and staff**

There are limitations on our physical work environment due to COVID-19; however, we're working to minimize disruptions and impacts to you so that we can still offer the same level of service and support you have come to expect from our team.

We have implemented procedures to protect the health and safety of our staff, clients and community including postponement of face-to-face meetings, however our office remains open for pickup and drop off of documents. We are available for phone conferences and video conferencing and as always, you are able to call our office to schedule a conference. Please have patience with us as we navigate through this unpredictable time in trying to meet your needs.

**Our commitment to you**

We care deeply for our community and whether you have tax, payroll or tax planning questions or need advice on ways to navigate the expanded benefits outlined above, we want to be available to help you. During this unpredictable and challenging time, it's more important than ever to stay connected. We're in this together and our thoughts go out to all that have been impacted by this extraordinary situation.

Sincerely,

Hickman & Hickman, PLLC