

HICKMAN & HICKMAN, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

UPDATED October 18, 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.

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>.

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. ***Please see full Eligibility Requirements:*** <https://www.irs.gov/newsroom/faqs-employee-retention-credit-under-the-cares-act>
 - **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 December 31, 2021. This could result in a \$7,000 per employee per quarter refund. Revenue must reflect a decline of at least 20% compared to the same quarter of 2020 or 2019.
- **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 (including self-employed individuals) when paying employees who were unable to work or telework.
 - ***Please see full Eligibility Requirements:*** <https://www.irs.gov/newsroom/covid-19-related-tax-credits-for-paid-leave-provided-by-small-and-midsize-businesses-faqs>
 - 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 September 30, 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.

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

- Small businesses (including sole proprietors) and non-profits may be eligible to apply for an Economic Injury Disaster Loan and/or a Targeted EIDL Advance (Emergency Grant). See FAQ's and Eligibility Rules: https://www.sba.gov/sites/default/files/2021-02/COVID-19%20EIDL%20FAQs_02.04.21-508.pdf
- **The Paycheck Protection Program ended May 31, 2021.** 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 1st and 2nd Draw PPP loans.
- Other SBA programs are also available. For more guidance, see <https://www.sba.gov/funding-programs/loans/covid-19-relief-options>

Other business provisions

- 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 still a few 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. Our office is fully open for pickup and drop off of documents, as well as in-person appointments. We are still 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.

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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