

# Brian Lynn, C.P.A., P.A.

*Certified Public Accountant*

Two South University Drive, Suite 215  
Plantation, Florida 33324  
Broward: (954) 474-1111  
Dade: (305) 940-1878

E-Mail: [Brian@BrowardCPA.com](mailto:Brian@BrowardCPA.com)  
Website: [www.BrowardCPA.com](http://www.BrowardCPA.com)  
Fax Transmission: (954) 474-5373

## Executive Summary of the Consolidated Appropriations Act, 2021

Dear Clients, Associates and Friends,

This federal government spending package that just became law includes some \$900 billion in pandemic relief but excluded any funding for state and local governments. In addition, there are many tax provisions including extending some that were due to expire at 12/31/20. The following is an executive summary for your review. I expect my tax newsletter found at our website - [Browardcpa.com](http://Browardcpa.com), to be updated with the details within a couple of weeks.

### PANDEMIC RELIEF

- 1) Individual rebate checks based upon your 2019 tax returns will be \$600 for single filers (\$1200 for joint filers) plus \$600 for qualifying children under the age of 17. These payments will be subject to phase-outs where your adjusted gross income (AGI) exceeds \$150,000, \$112,500, and \$75,000 for joint, head of household and single filers, respectively. At this moment Congress is working on increasing the rebate check to \$1,200 for single filers and \$2,400 for joint filers.
- 2) Extension of unemployment benefits in the amount of \$300 per week until 3/31/21.
- 3) Payroll Protection Program Loans (PPP) and the next round of PPP will no longer be a taxable event for any amounts forgiven. To clarify, no deduction will be denied. In addition, the forgiveness is treated as tax-exempt income and therefore gives you a tax basis for any entity losses.
- 4) A second round of PPP is available for those who did not initially apply and for those who were previously funded subject to two criteria. The first requires the entity to show a 25% reduction in gross receipts during any quarter in 2020 versus the same quarter in 2019. The second requires the entity to calculate the maximum loan amount (not to exceed \$2 million) by multiplying the average monthly payroll cost for the twelve months preceding the date of the original funding or the payroll cost for the year 2019 times 2.5. On the upside, restaurants and other entities that have a NAICS code of 72 can employ a 3.5 multiple and therefore enable these entities to qualify for a second round of PPP.
- 5) The forgiveness still maintains a 40% maximum amount related to non-payroll costs but adds four new categories consisting of: expanded operating expenses such as software, P/R processing fees, HR and accounting; supplier costs such as purchases; damage costs due to looting and worker protection costs such as PPE, physical barriers like sneeze guards, drive-thru window and many more.
- 6) The 8 and 24 weekly periods to determine the forgiveness period has been expanded to include any number of weeks between 8 and 24.
- 7) The loan forgiveness application for amount not exceeding \$150,000 will be one page inclusive of an attestation certification.
- 8) The deferred payroll tax program has been extended until 3/31/21.
- 9) The Employee Retention Credit (ERC) has been extended until 6/30/21. The ERC has been substantially modified. First, the amount of the credit is based upon 70% of pay from 50%. Second, to qualify quarterly gross receipt must have fallen by at least 20% rather than 50% as compared to the same quarter in 2019. Third, the per employee limitation of \$10,000 in total has increased to \$10,000 per employee per quarter. Fourth, Employers who received PPP may now qualify with respect to any payroll that were not funded by PPP proceeds. Finally, new employers will qualify.

# *Brian Lynn, C.P.A., P.A.*

*Certified Public Accountant*

---

## TAX PROVISIONS

- 1) Business Meals will be deducted at 100% rather than 50% effective for tax years 2021 and 2022.
- 2) Charitable Donations: For 2020 only, taxpayers can take a \$300 above-the-line deduction and the overall 60% of AGI limitation is suspended.
- 3) The Act has permanently permitted the deduction for medical expenses to the extent they exceed 7.5% of AGI.
- 4) The Act has extended until 12/31/25 multiple provisions that were due to expire consisting of but not limited to; the employer credit for paid family and medical leave, the Work Opportunity Credit, the New Markets Tax Credit and allows taxpayers to exclude from gross income the discharge of qualified residence indebtedness to the extent of \$750,000 on a joint return and \$375,000 for single return.

As a reminder, our office is closed until Monday 1/04/21. If you need my immediate attention please send me an email or call the office and leave a message. You will hear from me within 24 hours.

Wishing you a happy and healthy New Year.

If you should have any questions, please contact me immediately.

Sincerely,

*Brian Lynn*

**Brian Lynn, CPA, PA**

Two South University Drive, Suite 215

Plantation, FL 33324

[www.BrowardCPA.com](http://www.BrowardCPA.com)

(954) 474-1111 Phone

(954) 474-5373 Fax

INTERNAL REVENUE SERVICE REQUIRED DISCLAIMER. Pursuant to Treasury Regulations (contained in circular 230) governing practice before the Internal Revenue Service we are required to inform you that this written communication, including attachments and enclosures, does not meet the requirements needed to avoid tax penalties. Therefore, please note that this communication is not intended or written by us to be used, and it cannot be used by you, for the purposes of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any tax-related matters addressed herein.

IMPORTANT: This message is intended only for the use of the individual or entity to which it is addressed, and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone, and return the original message to us at the above address via the U.S. postal service. Thank you.