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Important Information for Business Owners – Consolidated Appropriations Act, 2021

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On December 27, 2020, the President signed into law the Consolidated Appropriations Act, 2021 (The Act), which introduces several new relief opportunities for both businesses and individuals. Highlighted below are a few of the key points of the legislation that will be beneficial to many businesses.

Paycheck Protection Program (PPP) Loans Second Draw

The Act adds \$284 billion of additional funding for first and second round PPP Loans. Generally, if your business was eligible for the first round, it is also eligible to apply for round two. However, there are some important changes and nuances, so we encourage you to speak with your banker or CPA before considering applying. More information may be found here [2].

Extension of Temporary Employee Payroll Tax Deferral

The Act extends relief originally begun on August 8, 2020, whereby an employer can defer withholding of the employee's portion of Social Security taxes. The deferral can now be extended to December 31, 2021. However, keep in mind this relief is only available for employees with wages less than \$4,000 during a biweekly pay period. Also, the deferrals must be paid back (half by December 31, 2021, and the balance by December 31, 2022).

Extension of Employer Payroll Credits for Paid Sick and Family Leave

The Act extends the credit available to employers through March 31, 2021. Employers may receive a refundable sick leave credit for up to \$511 per day and \$5,110 in the aggregate for employees unable to work due to COVID-19 quarantine. Additionally, the employer may receive a credit for 2/3 of an employee's regular rate of pay, if they are unable to work due to caring for someone due to COVID-19. The limit on this credit is \$200 per day and \$2,000 in the aggregate.

Full Deduction of Business Meals

Under current law, 50% of business meal and beverage expenses may be deducted. The Act provides for a 100% deduction for qualifying expenses incurred in 2021 and 2022. There are limits that apply, so check with your CPA.

The Brightworth Business Exit & Transition Services Team (BETS) are standing by to assist you with navigating through the COVID-19 health crisis, achieving your exit objectives, and maintaining your exit and transition timeline.

For more personal financial tips, [check out our Bright Blogs](#). [3]

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This information was derived from sources believed to be factual and reliable. It is being provided for informational purposes only and should not be construed as tax or legal advice. Please consult a tax or financial advisor with questions about your specific situation.

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Links

[1] <https://www.brightworth.com/team/mdewitt>

[2] <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program/second-draw-ppp-loans>

[3] <https://brightworth.com/bright-blog>

[4] <https://www.brightworth.com/content/important-information-business-owners-consolidated-appropriations-act-2021>