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Businesses Can Still Get Financial Relief for COVID-19 Struggles

Some argue that the COVID-19 pandemic is “over” or no longer a concern because of available vaccinations. However, that sentiment could not be further from the truth. New cases continue to spring up every day, regardless of whether you have been vaccinated. That reality (along with changing preferences and available options) is continuing to alter how businesses must function in the post-coronavirus world.

Thankfully, the United States government still has some programs available for businesses that have been impacted by COVID-19. Companies that have already received aid are also working hard to keep up with required audits so that loans can be forgiven, or aid can continue. Here, we discuss some of the most important credits and financial relief available for businesses—both for those that have already received aid and those that have not.

FFCRA Credits: Amending Tax Returns

The Families First Coronavirus Response Act (FFCRA) required employers with less than 500 employees to pay wages to employees who had to quarantine under doctors’ orders. It also required wage payments for those who had to care for household members who had or were affected by COVID-19.

To offset the costs of providing these wages, a dollar-for-dollar tax credit was provided for any instance that employers had to pay. That credit applied through the end of 2020. The Consolidated Appropriations Act, 2021, and the American Rescue Plan Act of 2021 extended those credits without extending the obligation for employers to continue paying employee wages.

Essentially, employers that provided wages from March 2020 to the third quarter of 2021 can get the credit. However, many employers did not know about this credit or did not realize that it was extended, so they did not fully take advantage of it.

Thankfully, employers still have the option to go back and amend their 2020 and 2021 returns to properly assert this credit—as long as the amendment takes place no more than three years from the original due date of the tax return.

Expanded Eligible Expenses for PPP Loans

If you are a business owner, you have likely heard of PPP loans. The CARES Act provided low-interest, forgivable payroll loans to employers that met certain requirements. The Consolidated Appropriations Act provided a second round of PPP loans as well.

Recent legislation also expanded how these funds can be used, making more loans forgivable than originally anticipated. That means that if you have not yet applied for loan forgiveness, you should go through that process. Some businesses that did not think they qualified for

forgiveness because of how the money was spent may want to review the revised eligible expenses—you might qualify for forgiveness and not even realize it.

Employee Retention Credit (ERC)

The Employee Retention Credit applies if you kept your employees but can also show a decline in gross receipts or a suspension (full or partial) in operations because of a government order. Along the same lines, companies can also get help with start-up costs if they had to shut down for any length of time.

The credit requires that you reduce the income tax deduction claimed by the amount of the credit claimed. This must be done in the year in which you claim the credit. The ERC has to be claimed as part of your quarterly return, but you have three years from the date of the quarterly return due date to amend it if you have not already claimed this credit.

COVID-19 EIDL

The Economic Injury Disaster Loan (EIDL) also provides funding for businesses impacted by COVID-19. The funds are supposed to be used for working capital and normal operating expenses.

New requests for these loans stopped as of January 1, 2022. Nonetheless, the Small Business Administration (SBA) is still processing applications. If you have already gotten a EIDL loan, you might be able to request an increase. If your application was denied, the SBA is still working through appeals and reconsiderations.

Specialty Financial Assistance

Certain types of businesses, including restaurants and entertainment venues, might qualify for additional financial relief. For example, the American Rescue Plan Act created the Restaurant Revitalization Fund to assist restaurants and similar businesses in keeping their doors open. The funds are not required to be repaid as long as the money is used by March 2023.

The Shuttered Venue Operators Grant (SVOG) provided emergency assistance for certain types of venues. While the program is no longer accepting applications, those that were awarded funds can still manage their applications and awards through the SVOG portal.

SBA Loan Assistance

If you have an existing SBA loan and were affected by COVID-19, the SBA is authorized to make up to six months of payments, including interest and associated fees. This assistance is automatic; businesses do not need to apply. However, additional assistance options might also be available even if you already got the automatic assistance. Contact your individual lender for specific information.

Conclusion

While many avenues for financial assistance are drawing to a close, a few options are still available. Businesses should review their options to ensure they received all of the financial relief they were entitled to receive because of the impact of COVID-19. Learn more about your options by talking to a tax or finance professional.

If you have any questions, please contact any of our professionals at Frankel Zacharia, LLC, 402.496.9100.