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## IRS COVID-19 Relief for Food & Beverage Businesses in 2022

The COVID-19 pandemic has had a devastating impact on food and beverage businesses. Stay-at-home orders, social distancing ordinances and other public health measures restricting large gatherings of people caused massive financial losses for restaurants, bars, clubs, suppliers and other companies throughout 2020 and 2021. Even after state and local governments ended most restrictions, many people were slow to resume dining out. Congress enacted several stimulus bills to help businesses affected by the pandemic. Most of these programs have ended, but several may still be available to help food and beverage businesses that are struggling to rebound.

### Paycheck Protection Program

Congress passed the [Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#) in March 2020, in the early days of the pandemic. It created the Paycheck Protection Program (PPP) to help businesses retain their employees.

The PPP provides loans to businesses. The loans may be eligible for [total forgiveness](#) by the Small Business Administration (SBA) if businesses use the funds for eligible expenses and meet additional criteria.

Businesses may use PPP loans for expenses like:

- Payroll, including wages, salaries, benefits and administrative costs;
- Costs related to protecting employees from COVID-19;
- Rent;
- Interest on mortgages;
- Utilities;
- Specified operating expenses and cost of goods sold; and
- Uninsured damage caused by vandalism or looting.

Criteria for loan forgiveness include:

- Maintenance of pre-pandemic levels of employment and compensation;
- Use of at least 60% of the loan funds on payroll expenses; and
- Use of all loan funds on eligible expenses.

The SBA accepted applications for PPP loans in two draws. The first draw ran through 2020, and the second took place at the beginning of 2021. The deadline to apply for a loan was May 31, 2021; businesses that received loans may still be eligible for loan forgiveness.

If a lender participates in direct forgiveness, the business can apply for forgiveness through an [SBA online portal](#). If not, the business must apply for loan forgiveness through its lender.

### **Employee Retention Tax Credit**

The CARES Act created the [Employee Retention Tax Credit \(ERTC\)](#) to encourage employers to keep workers on their payrolls. It offered a payroll tax credit of up to 50% of wages paid to employees up to a maximum amount.

In order to be eligible for the ERTC, an employer must have had no more than 500 employees, and they had to meet either or both of the following criteria during 2020:

- They had to close or partially suspend operations because of public health orders related to COVID-19.
- They had a “significant decline in gross receipts” during 2020, defined as less than 50% of their gross receipt for the corresponding calendar quarter in 2019.

The ERTC was originally available for wages paid from March 13, 2020, to the end of that year. Employers could claim the credit on the first \$10,000 paid to each employee during that year.

The [Infrastructure Investment and Jobs Act \(IIJA\)](#), which became law in November 2021, extended the availability of the ERTC through the end of September 2021 for most eligible businesses based on significant declines in gross receipts. Recovery startup businesses could claim the credit for wages paid through the end of 2021. The IIJA also increased the limit on the credit to the first \$10,000 paid to each employee per quarter.

While the ERTC is not available for wages paid in 2022, businesses that met the criteria during 2020 and/or 2021 can still benefit if they have not already claimed the credit. They can claim the credit by filing [Form 941-X](#) within three years of the date they filed the original Form 941.

### **Restaurant Revitalization Fund**

The [American Rescue Plan Act of 2021](#) created the [Restaurant Revitalization Fund \(RRF\)](#) in early 2021 to help restaurants and affiliated businesses affected by the pandemic. It provided up to \$5 million per location and \$10 million total per applicant. Businesses that use the funds for approved expenses by a certain date do not have to repay them.

The list of expenses for the RRF is similar to the expenses for PPP loans. It includes:

- Payroll;
- Rent;
- Mortgage and other debt payments;
- Utilities and maintenance;
- Operating expenses;
- Costs of food and beverages;
- Cleaning and protective supplies; and
- Improvements to assist in compliance with public health orders, such as the addition of outdoor seating.

Businesses that did not spend all of the RRF money they received by the end of 2021 must either submit annual reports showing how they spent the money or return the money to the government.

The SBA is no longer accepting applications for RRF funding. Businesses that have already received funds, however, may still be able to avoid repayment. Any money spent on approved expenses before March 11, 2023 does not need to be repaid.

If you have any questions or would like additional information, please contact **Frankel Zacharia** (402) 496-9100 or [www.fzacpa.com](http://www.fzacpa.com)