



REAL ESTATE RELATED COVID RELIEF UNDER THE CONSOLIDATED APPROPRIATIONS ACT (CAA)

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The Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the Economic Aid Act) as part of the Consolidated Appropriations Act, 2021 (the 2021 CAA) was signed into law on December 27, 2020. The CCA is a \$2.3 trillion package that provides additional funding to the PPP program and includes several key provisions that will positively impact the [real estate industry](#).

INDIVIDUAL PROVISIONS

- **\$600 Stimulus Checks** provided for a gross income of no more than \$75,000 for an individual or \$150,000 for a married couple. Children under 17 also qualify for \$600 each.
- **Mortgage Insurance Deduction** extended through 2021.
- **Mortgage Debt Forgiveness** for income from the discharge of qualified principal residence indebtedness is extended through 2025.

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BUSINESS PROVISIONS

Payroll Related Provisions

- **Employee Retention Credit (ERTC)** extended through June 30, 2021, as well as improvements to the eligibility requirements that make the credit more accessible to businesses in need of financial assistance.
- **Family & Medical Leave Tax Credit** extended through March 31, 2021, to provide employers with relief for expenses incurred from providing paid family and medical leave to employees during the pandemic.

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Other Real Estate Related Provisions

- **Business Meals Deduction** is temporarily increased for 2021 and 2022 to 100%.
- **Emergency Loan technical correction for deducting expenses** – Business can deduct expenses paid for with forgiven emergency loans such as the PPP or other SBA assistance.
- **Alternative Recovery Period for Residential Rental Property** – The Economic Act released a technical correction to the alternative depreciation system stating that it applies to all residential property regardless of the placed-in-service date.
- **Low Income Housing Tax Credit (LIHTC)** for rehabilitation and renovation of affordable housing property was made permanent with a 4% floor for the credit and an increase in credit for areas deemed a disaster zone.
- **Empowerment Zones (EZs) Tax Incentives** for areas of high poverty and unemployment were extended through 2025.
- **New Markets Tax Credit** for investment in low-income communities was extended to 2025.

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“GREEN” PROVISIONS

- **Section 179D Deduction for Energy Efficient Commercial Buildings** – Previously set to expire at the end of 2020, now made permanent.
- **Section 45L Tax Credit** for new energy-efficient dwellings extended through 2021.
- **Section 25C Tax Credit** for energy-efficient home improvements applicable for non-business expenditures. The credit was extended through 2021.
- **Section 25D Tax Credit** for residential renewable energy property such as solar electric and water heating, small wind power, fuel cell, and geothermal heat pump property. The credit is extended through 2023 with a phase-down.

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Businesses should review the provisions for new opportunities for COVID-19 relief. The new package made some incentives permanent or extended them through next year and beyond. Some key benefits were increased substantially. Lastly, crucial technical corrections were made to clarify Congress' intention to make several of the provisions more valuable. For questions about how the latest COVID-19 relief agreement impacts you or your business, [contact our experts](#) for assistance.

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