

Tax Provisions Section-by-Section

SUBTITLE B—"COVID-related Tax Relief Act of 2020"

SEC. 276: Clarification of Tax Treatment of Paycheck Protection Program Loans: The bill specifies that forgiven Paycheck Protection Program (PPP) loans will not be included in taxable income. It also clarifies that deductions are allowed for expenses paid with proceeds of a forgiven PPP loan, effective as of the date of enactment of the CARES Act and applicable to subsequent PPP loans. This same tax treatment also applies to EIDL grants and certain loans and loan repayment assistance.

SEC. 286: Extension of Paid Leave Credits: The bill extends the refundable payroll tax credits for paid sick and family leave that were established in the Families First Coronavirus Response Act, through March 31, 2021. This bill does not extend the mandate to offer paid leave, only the tax credit.

DIVISION EE— "Taxpayer Certainty and Disaster Tax Relief Act of 2020"

SEC 206: Extension and Expansion of the Employee Retention Tax Credit (ERTC): The bill extends and expands the refundable Employee Retention Tax Credit (ERTC), which was established in the CARES Act. The extension of this tax credits through July 1, 2021.

- Increases the credit rate, from 50% to 70%;
- Raises the limit on per-employee creditable wages from \$10,000 for the year, to \$10,000 for each quarter;
- Expands eligibility for the credit by reducing the required year-over-year decline in gross receipts from 50% to 20%; and
- Modifies the threshold for treatment as a 'large employer' by increasing the 100-employee delineation for determining the relevant qualified wage base to employers with 500 or fewer employees.