

Norwalk Business Service, Inc.

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*******New PPP Loans & Cal Grant Information*******

Dear Client:

In the most recent Coronavirus Relief Bill, Congress authorized more Paycheck Protection Program (PPP) loans for businesses that have been affected by the ongoing pandemic. PPP Loans are forgivable to the extent that a business has qualified expenses paid with the PPP loan money.

If you missed the first round of PPP, you can apply at a participating lender. They have set aside \$35 billion for organizations that missed the first round. Community lenders will begin offering these loans on January 11th. The deadline for first time applicants is March 31, 2021. Congress set aside \$15 billion of the funds for companies with 10 or fewer employees.

Second Draw PPP loans are available for businesses that have 300 or fewer employees, can show they have a 25% reduction in gross receipts for at least on quarter in 2020 compared to the same quarter in 2019, and have been an operating business on February 15, 2020. Community banks will start offering second draw PPP loans starting January 13th. Other lenders will have access to the loans shortly thereafter.

Forgiveness for PPP loans was further simplified in the Coronavirus Relief Bill. All loans under \$150,000.00 will be able to use the simplified form, which requires much less information and should make forgiveness much easier. These forms are not yet available to lenders. Contact your lender directly if you wish to use the simplified forgiveness form. Loan forgiveness is no longer reduced by EIDL grants, previously the EIDL grant was considered cancelation of debt income. The forgiven proceeds are not taxed by the IRS. The forgiven proceeds are taxed by the FTB.

California is offering a grant for eligible businesses of up to \$25,000.00. The deadline to apply is Wednesday, January 13th. Details on this program can be found at: <https://careliefgrant.com/>

A California tax credit may be available for businesses that experienced a 50% or more decrease in revenue when comparing the second quarter of 2020 to the second quarter of 2019. The deadline to reserve the California Main Street Small Business Credit is Friday, January 15, 2021. Businesses that are currently closed may still apply if they had more full-time equivalent employees in July through November of 2020 than they did during the second quarter of 2020. Details on this program can be found at: <https://cdtfa.ca.gov/taxes-and-fees/SB1447-tax-credit.htm>

Three Martini Lunches! Meals are 100% deductible for tax years 2021 and 2022. If you plan on deducting your meals, make sure they are related to business and that you write down who the meal was with and what the meeting was for.

Returning clients should soon be receiving their tax worksheets by mail. If you wish to start working on your taxes, you can download the worksheets from our website or from smartvault. We will continue to update you as more Coronavirus Relief Bill information is released.

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