



January 2021 Newsletter

STIMULUS, PPP, TAX DEADLINES,
SILVER BRIDGE UPDATES

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Silver Bridge Update

NEW Eagle office hours, safety information, contactless options

Tax and Filing Deadlines

So far, no extensions from the federal government

COVID Relief Payments

2nd round of stimulus checks

New Coronavirus Stimulus Package

The new law brings many changes for the 2020 tax year and beyond

PPP Loan Updates and Forgiveness

The loan process, forgiveness, and when & how to file

Business Meals for 2021 and 2022

Deductibility requirements



Silver Bridge Update

NEW 2021 Eagle Office Hours

Monday, Wednesday, and Friday

8:00 am - 5:00 pm

Closed on Tuesday and Thursday

Meridian Office Hours

Monday - Friday

8:00 am - 5:00 pm

THANK YOU

for wearing your face mask
upon entering the office.

Masks are available if needed.

Extra safety precautions are being taken to protect the health and safety of our staff and clients. In addition to safe in-person appointments, we offer **completely contactless service:**

Virtual tax appointments by phone or video call.

Drop off or secure upload of your tax documents.

We remain committed to the personal touch and to make ourselves available to communicate and answer questions. [Contact us to learn more!](#)

Your Bridge to Success!

TAX TIME



Tax and Filing Deadlines
February 1 ----- W-2s and 1099-NEC

NEW Form 1099-NEC vs. 1099-MISC

Although the **1099-MISC** is still in use for reporting miscellaneous income such as rent or payments to an attorney with a due date of March 1, 2021, **Form 1099-NEC** must be used in 2020 and beyond to report contractor income of more than \$600, and must be distributed to vendors this year by Monday, February 1, 2021.

Please [contact us as soon as possible](#) if you would like assistance with preparing your

- March 1 ----- 1099 - MISC
- March 15 ----- Partnerships and S-Corps
- April 15 ----- Individuals, C-Corps,
Trusts & Estates, FBAR
- May 15 ----- Exempt Organizations
- July 31 ----- Employee Benefit Plans

Employers are required to provide W-2 forms to employees by February 1, 2021.

If our office is preparing W-2 Forms for you, we will provide you with copies to distribute to your employees in time for the February 1 deadline. [Contact your bookkeeper](#) if you have any questions or concerns about year-end tax reporting.

1099s.

We will need to provide the following documents in order to prepare your 1099s:

1. [Vendor W-9](#) for each contractor/vendor
2. **Vendor email** (or indicate that filing method will be U.S. Mail)
3. **Amounts paid and type of expense** (services, rent, interest, etc.)

Fees for preparation:

- \$60 for 1-5 forms, \$5 each additional form
- U.S. Mail per form is \$1.50
- Email delivery is free

COVID Relief Payments

On December 27, 2020, President Trump signed a new \$900 billion pandemic relief bill into law.

The new law includes a second round of stimulus checks for Americans:

\$600 for those who:

- Filed Single with an adjusted gross income of \$75,000 or less
- Filed Head of household with an adjusted gross income of \$112,500 or less
- and for each dependent under the age of 17.

\$1,200 for those who filed a joint return or as a surviving spouse with an adjusted gross income of \$150,000 or less.

The amount will be reduced for those whose adjusted gross income exceeds the limits.

WHAT THIS MEANS FOR YOUR TAXES

The amount of money received will be treated as a tax credit against your 2020 income tax. In essence, the stimulus money is an advanced refund on your 2020 taxes and is based on your 2019 adjusted gross income.

If you are entitled to a larger amount than was calculated based on your 2019 tax return, you will receive the difference as a tax credit when your 2020 tax return is filed. However, if the amount you received was higher than you should have received, you get to keep the excess amount and do not have to



Other Changes in the New Stimulus Package

The new law brings many changes for 2020 and beyond. Here are some of the areas affected:

FOR BUSINESSES

- Extension of payroll tax credits for paid sick leave and repayment of payroll tax deadline
- Extension of the Employee Retention Credit
- Business meals are 100% deductible for 2021 and 2022; see *article below*

FOR INDIVIDUALS

- Educator tax deduction expenses now include PPE purchased after March 12, 2020
- Above-the-line deduction for cash contributions extended to 2021 and 2022. The 2020 above-the-line deduction was included in prior stimulus legislation.
- Charitable contribution deductibility
- Medical expense deduction threshold limit set to 7.5%

pay it back.

Important: Individuals who receive stimulus payments receive a letter from the Department of Treasury stating the amount received. If the letter was not kept, you will need to find the amount that was deposited into your account to report on your tax return.

permanently

- Employers with educational assistance programs can use them for employees' student loans

Please contact us if you have questions or would like more information on these or any other changes.



PPP Loan Updates

While it is too late to apply for the first round of PPP loans, the second round PPP2 loans will be available in early 2021. The new loans have new requirements.

PPP Loans are available for business with **300 or fewer employees** (down from 500) and show a **reduction of at least 25%** in revenue in the first, second, or third quarter of 2020 compared to the same quarter in 2019.

Businesses that previously received a PPP loan **are eligible** for the PPP2 loan provided they meet the requirements above **and** have used the full amount of their first PPP loan on qualified expenses.

Contact us if you have questions or would like us to help with your loan application.

Clarification of Forgiveness of PPP Loans and Expenses:

A new provision of the Tax Relief Act of 2020 clarifies that the amount of forgiven PPP loan will NOT be included in income.

However, expenses paid with PPP loan proceeds **ARE** tax-deductible.

Simplified PPP Loan Forgiveness

If you previously borrowed less than \$150,000 and you have already started the loan forgiveness application, you may want to **WAIT** for the SBA's new forgiveness form!

The new, simplified method applies to **both PPP and PPP2 loans**. To receive loan forgiveness, sign and submit to the lender a one-page certification that includes a description of the number of employees retained because of the loan, the total amount of the loan spent on payroll costs, and the total loan amount. **THAT'S IT!!**

The borrower must attest that they have accurately provided the information and will retain records to prove compliance for the 4-year period following the submission of the form, so you will still need to perform underlying calculations, but the forgiveness application has been greatly simplified.

To qualify for PPP and PPP2 loan forgiveness, 60% of the loan **must** be used for payroll costs (including insurance – group life, disability, vision, and dental) paid during the covered period and employers must maintain, or attempt in good faith, similar levels of employment and pay that they had prior to the pandemic.

Other eligible expenses have been expanded to include business software or cloud computing service; product or service delivery; processing, payment, or tracking of payroll expenses; human resources; sales or billing functions; accounting or tracking of supplies, inventory, records, and expenses; property damage costs relating to vandalism or looting not covered by insurance; supplier costs that are essential to operations and pursuant to a contract or order made prior to the loan application date; and PPE for employees.

Business Meals Are Now 100% Deductible

To help encourage the support of restaurants struggling during the pandemic, food or beverage provided by a restaurant will be 100% deductible for 2021 and 2022. Expenses still must meet criteria for deduction.

What constitutes a business meal?

Food and beverages provided to a “business associate.” The expense must be ordinary and necessary in carrying on any trade or business, not lavish or extravagant under the circumstances, and the taxpayer or an employee of the taxpayer must be present at the furnishing of the food or beverages.

Who qualifies as a “business associate”?

A client, supplier, employee, agent, partner, or professional adviser, whether established or prospective, with whom the taxpayer could reasonably expect to engage or deal in the active conduct of the taxpayer’s trade or business.

What about food included in entertainment?

Entertainment is still not deductible, however, food and beverage purchased and stated separately from the entertainment will be allowed.



Please contact our office if you have any questions or need additional information. We look forward to hearing from you and providing assistance, insight, and answers!

Meridian location

8:00 am to 5:00 pm Monday - Friday

Eagle location - NEW HOURS

Monday, Wednesday, and Friday 8:00 am - 5:00 pm

208-376-8808

silverbridgecpas.com

