

Consolidated Appropriations Act of 2021

On December 27, 2020, President Trump signed the Consolidated Appropriations Act of 2021 (“CAA” or “Act”), which included an additional \$900 billion in stimulus efforts tied to the COVID-19 pandemic, into law. There are a number of provisions in the Act that are important to nonprofit organizations, including churches, church-related or private religious schools, and private higher education institutions within the 5,593-page Act, including:

- COVID-19 Relief
 - Paycheck Protection Program (PPP)
 - Families First Coronavirus Response Act (FFCRA)
 - Other COVID relief

- No Surprises Act

- Transparency

PCA Retirement & Benefits will focus on two elements: The PPP and the FFCRA

Paycheck Protection Program

- The Act Explicitly states that Congress intended for churches and religious organizations to be eligible for PPP loans.

- In addition to uses previously allowed, PPP funds may be used for:
 - Covered operations expenditures
 - Covered property damage costs
 - Covered supplier costs
 - Covered worker protection expenditures

- These items all count for forgiveness purposes, but 60% of the loan still must be spent on payroll expenses
 - Payments for group life, disability, vision and dental coverage count as payroll expenses (in addition to retirement and health plan contributions)

- PPP Forgiveness Application forms
 - Currently are 3 forms
 - New simplified form will be issued for loans of \$150,000 or less
 - Simplified application expected in mid to late January
 - To maximize loan forgiveness, PPP funds must be spent during a period:
 - Beginning on the date of the loan disbursement and ending on any date elected by the borrower between -
 - 8 weeks after the loan disbursement date AND
 - 24 weeks after the loan disbursement date

- Second loan available to:
 - Employers of 300 or fewer employees
 - With gross receipts during any quarter in 2020 that were reduced at least 25 percent from the gross receipts during the same quarter in 2019
 - Must already have received a PPP loan, and have used all of those loan funds before the date on which the second loan amount is disbursed

- Note: those organizations which did not seek a PPP loan the first time may apply for one this time

- Simplified application certification for loans up to \$150,000
 - Must certify that meets revenue loss requirement
 - Must produce documentation of revenue reduction by the time the forgiveness application is filed

- Employee Retention Tax Credit & PPP Loans
 - Under CARES Act employer was not eligible for Employee Retention Tax Credit if received PPP loan
 - Now can receive Employee Retention Tax Credit for “qualified wages” paid
 - If those wages were not paid with PPP loan proceeds
 - Previously shutdown or 50% decrease in revenue was required to claim credit
 - In 2021, only a 20% decrease is required
 - In 2021, a credit of up to \$14,000 per employee may be claimed

Families First Coronavirus Response Act (FFCRA)

- Requires employers with fewer than 500 employees to provide:
 - 2 weeks of Emergency Paid Sick Leave (EPSL) to employees who are unable to work due to any of 6 qualifying reasons due to COVID-19
 - 12 weeks of partially paid Extended Family Leave (EFMLA) to employees who are unable to work because they must care for a dependent child whose school is closed due to COVID-19
 - However, an employee cannot take more than 12 weeks of FFCRA leave in total

- Note: these provisions expired December 31, 2020; however:
 - Employers may apply for FFCRA payroll tax credits for leave provided through March 31, 2021
 - Credits can be taken by employers for ministers who have taken FFCRA leave
 - Act does not extend obligation to provide FFCRA leave

Links

A lengthier [summary](#) of the Act can be located through our partner accounting firm Capin Crouse.

Guidance provided by the Small Business Administration and the US Treasury as well as application forms, can be located [here](#).

A [copy](#) of the 5000+ page Act can be accessed from Congress.

More information about the PPP loan can be found at the [Small Business Administration](#) or through your local bank.