

House Passes New Stimulus Bill – Extended Employee Retention Credit, PPP Updates and Other Small Business Relief

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On Saturday, February 27, 2021, the House of Representatives passed H.R. 1319, the American Rescue Plan Act of 2021 (ARPA). The bill provides, among a broad array of stimulus provisions, an extension of the employee retention credit through the end of 2021, as well as credits for paid family and sick leave for employees. It also makes some changes to the PPP loan program, and provides additional assistance to shuttered venue operators and restaurant businesses.

This article is a brief summary of the American Rescue Plan Act of 2021, as passed by the House. It is expected to move forward in the Senate in the near future. As it progresses through Congress, we'll update you on any key changes and the impacts of the final bill once passed by the Senate.

Expanded Employee Retention Credit

Access to the Employee Retention Credit (ERC), a refundable credit against employment taxes paid by employers whose businesses experience a full or partial shut-down by government order or a significant decline in gross receipts, was part of the initial CARES Act legislation and received a broad expansion under the [Consolidated Appropriations Act of 2021](#). The ERC, due to expire at the end of the second quarter of 2021, would be extended by ARPA through the end of 2021.

Small Business Relief Provisions

ARPA extends the Paycheck Protection Program to a wide range of additional nonprofit organizations, including social and recreational clubs and fraternal societies with not more than 300 employees per location. It also expands eligibility to charitable and certain other nonprofit organizations with not more than 500 employees per physical location (the prior limit was 500 employees, including affiliates). Internet-only publishing companies that were not previously eligible for a PPP loan, with a NAICS code of 519130, that are engaged in the collection and distribution of local or regional and national news and information, will also become eligible under the pending bill as long as they employ not more than 500 employees per physical location.

Small businesses with fewer than 10 employees that are located in a low-income community and are eligible for the Targeted EIDL (Economic Injury Disaster Loans) Advance of up to \$10,000 under the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act will be eligible for an additional advance of \$5,000.

ARPA also establishes a Restaurant Revitalization Fund to provide grants to restaurants, food trucks, caterers, bars and similar establishments. The grant is equal to the decline in gross receipts from 2019 to 2020 (the pandemic-related revenue loss), not to exceed \$5 million per physical location and \$10 million for an affiliated group. The funds may be used to cover payroll costs, mortgage principal and interest, rent, utilities, maintenance, supplies and certain construction costs incurred between February 15, 2020 and December 31, 2021.

Extension of Credits for Enhanced Paid Sick Leave and Family Leave

ARPA would extend the Emergency Paid Sick Leave Act (EPSLA) and the Emergency Family and Medical Leave Expansion Act (Expanded FMLA) provisions of the Families First Coronavirus Response Act (FFCRA) through the end of September, while also extending the tax credits provided to employers who

make payments to employees under those programs as well. ARPA would also allow an increase in the amount of the maximum credit per employee.

Other Provisions

ARPA also includes:

- Additional stimulus checks of \$1,400, with the eligibility requirements similar to prior rounds of checks
- Expansions to the Child Tax Credit, Earned Income Tax Credit, and Dependent Care Tax Credit
- Extension of key unemployment programs through August 29th, past their current March 14 expiration date. It also increases the enhanced payments from an extra \$300 per week to \$400
- An increase in the minimum wage to \$15 per hour by 2025 — which may not be in the final legislation

It is worth noting what ARPA does not include – there are no increases in the individual or corporate tax rates, no increases to capital gains tax rates, and no changes to the estate and gift tax rules. While President Biden has made proposals in these areas (detailed in [prior updates](#)), they do not appear to be a part of any immediate legislation.

This is part of a continuing series updating our clients regarding the effects on tax filings due to COVID-19. Please find our prior articles as part of PKF O'Connor Davies' COVID-19 Resource Center [here](#).

Contact Us

PKF O'Connor Davies is monitoring the situation in Washington and as it changes we will keep you informed.

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