



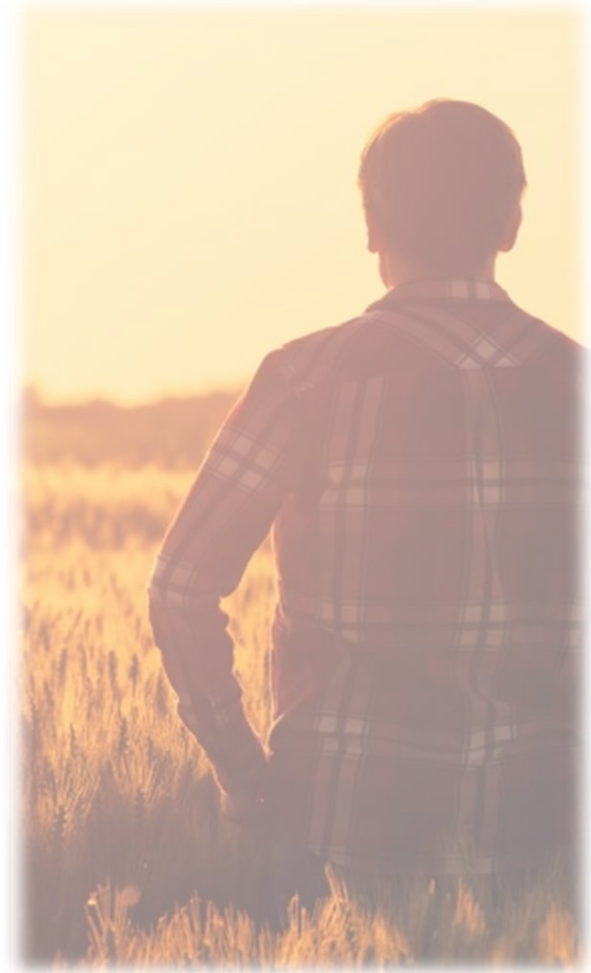
Coronavirus Response and Relief Supplemental Appropriations Act

TAX UPDATES FOR YOUR BUSINESS



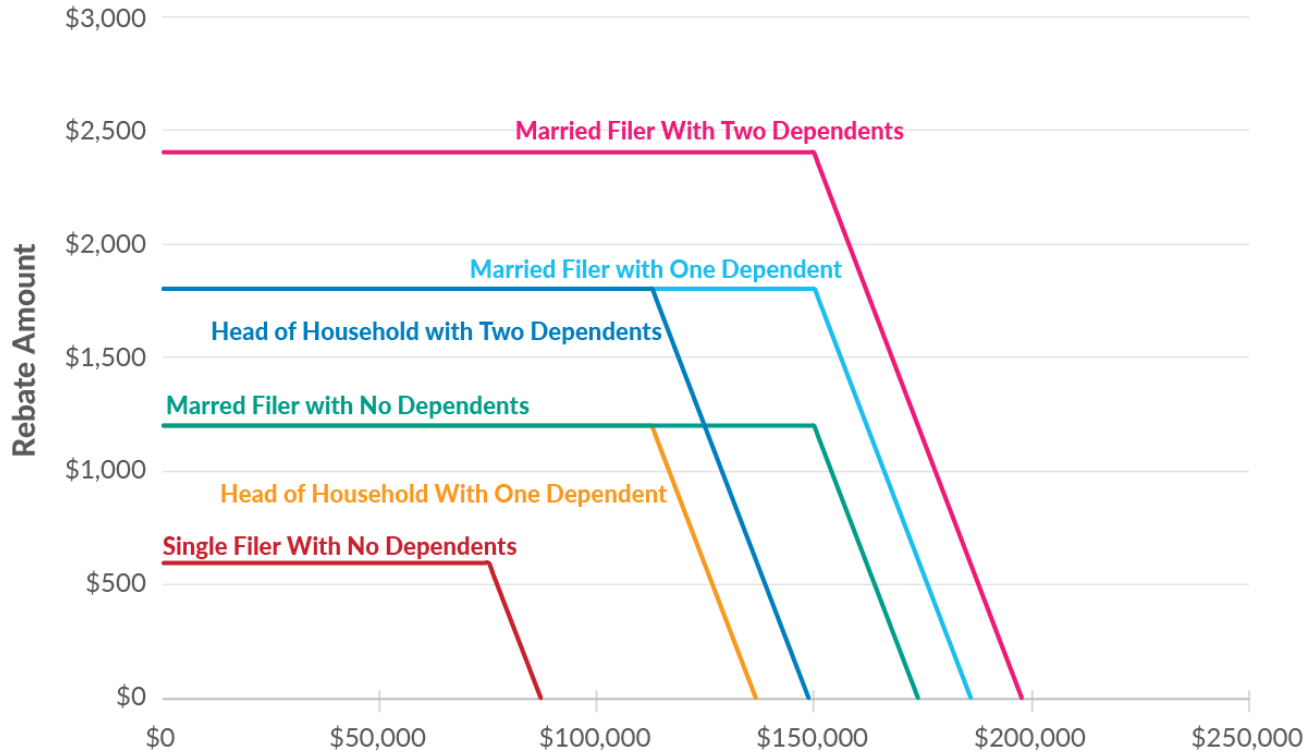
Today's Agenda

- CRRSA Act 2021
- PPP Update
- Questions



Relief Rebates in the New Coronavirus Relief Package, Dec. 2020

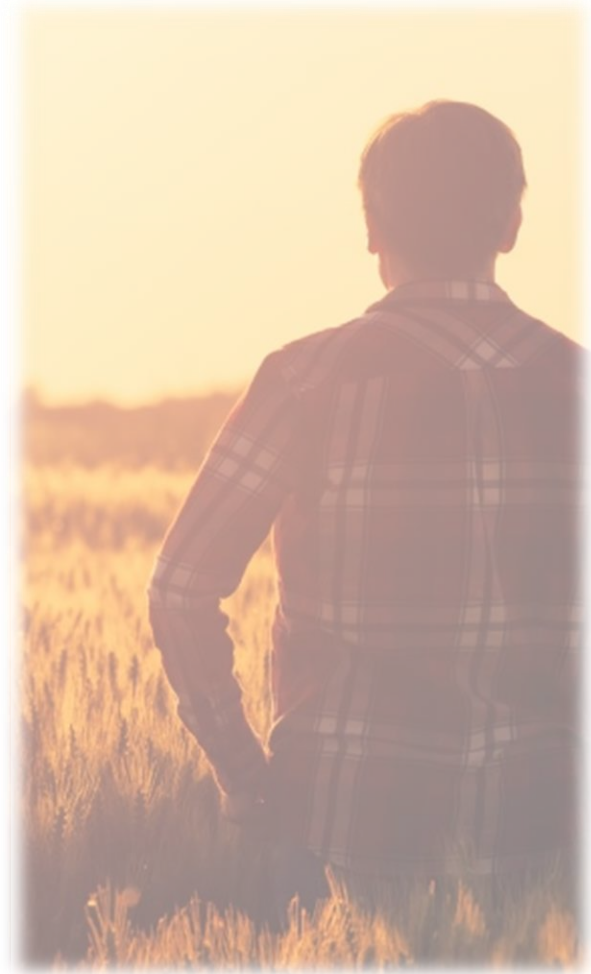
Individual Economic Relief Rebate by Filing Status



Source: Consolidated Appropriations Act, 2021.

Rebates

- Advanced credit for 2020
- No claw-back
- Different than unemployment compensation



Rebates



PPP Tax Deductibility

- Expenses deductible
- Tax-free forgiveness
- State uncertainties



PPP Tax Deductibility

- \$50,000 received in **2020**
- Forgiven in **2020**
- Expenses deductible in **2020**
- Loan cancellation not income in **2020**



PPP Tax Deductibility

- \$50,000 received in **2020**
- Forgiven in **2021**
- Expenses deductible in **2020**
- Loan cancellation not income in **2021**



Net Operating Losses (NOL)

Farmers have NOL options:

- 2 year
- 5 year
- Carry forward



PPP Round 2 “Second Draw”

- Generally, same calculation as PPP1

The lesser of:

1. 2.5X average monthly payroll (\$100K emp)
Either 12-month prior to loan (2020) or 2019
2. \$2 million

PPP Round 2 “Second Draw”

Generally, same expenses as PPP1

- Certain payroll costs
- Owner compensation
- Certain rents/utilities/interest
- Refinancing an SBA EIDL loan (1/31-4/03/2020)

Additional PPP Expenses

- Covered operations expenditures
- Covered property damage costs
- Covered supplier costs
- Covered worker protection expenditures

PPP Round 2 “Second Draw” Criteria

1. Employ <300 people
2. 25% reduction in gross receipts
3. Has received a PPP1 loan
4. Used (or will use) PPP1 on eligible expenses

Gross Receipts

- Gross receipts = all revenue
- In accordance with accounting method
- PPP1 forgiveness is not gross receipts

PPP and Farmers

Farmers can use “gross income” to:

- Apply for PPP1
- Increase PPP1 (unless forgiven)
- Apply for PPP2 (if eligible)

Economic Injury Disaster Loans (EIDL)

- Up to \$10,000 (\$1k/employee)
- Tax-Free
- PPP forgiveness not reduced
- Extended through 12/31/2021

Employee Retention Credits

- Previously not eligible with PPP
- Cannot double dip on same wages



Employee Retention Credits (Old)

- 50% of wages per employee (\$10,000)
 - 3/13 -12/31
 - Qualified health expenses count
- Business interrupted (govn't) or 50% gross receipt decline
 - *Most farms = “**Essential**”
- Different rules if >100 employees

Employee Retention Credits

BKM Farms, LLC

Revenue	Q1	Q2	Q3	Q4	Total Revenue
2019	\$100,000	\$100,000	\$100,000	\$100,000	\$400,000
2020	\$90,000	\$40,000	\$75,000	\$85,000	\$290,000

*Available until end of quarter

Employee Retention Credits (*New)

- Extended through 7/1/2021
- Credit increased from 50 to 70%
- Qualified wages increased \$10,000 (quarter)
- Gross receipts decline 50% to 20%

Employee Retention Credits

BKM Farms, LLC

Revenue	Q1	Q2	Q3	Q4	Total Revenue
2019	\$100,000	\$100,000	\$100,000	\$100,000	\$400,000
2021	\$70,000	\$75,000	---	---	

Employee Retention Credits

BKM Farms, LLC

Quarter	2020	2019
1		
2		
3		
4	\$100,000	\$60,000

*Special election to look to preceding calendar quarter

Employee Retention Credits

Criteria	2020	2021
End date	12/31/2020	07/01/2021
Credit amount	50%	70%
Credit base	\$5,000 total (per employee)	\$10,000 per quarter (per employee)
Gross receipts test	50% reduction	20% reduction
Allowed with PPP, but with different wages	Yes	Yes

Employee Retention Credits

- Amounts paid exempt from SS/Medicare are not eligible
- Similar treatment seen with FFCRA credits
- Related individuals don't count



Employee Retention Credits

- Allowed with PPP (different wages)
- Not allowed with WOTC
- Allowed with FFCRA (different wages)
- 45S cannot use same wages

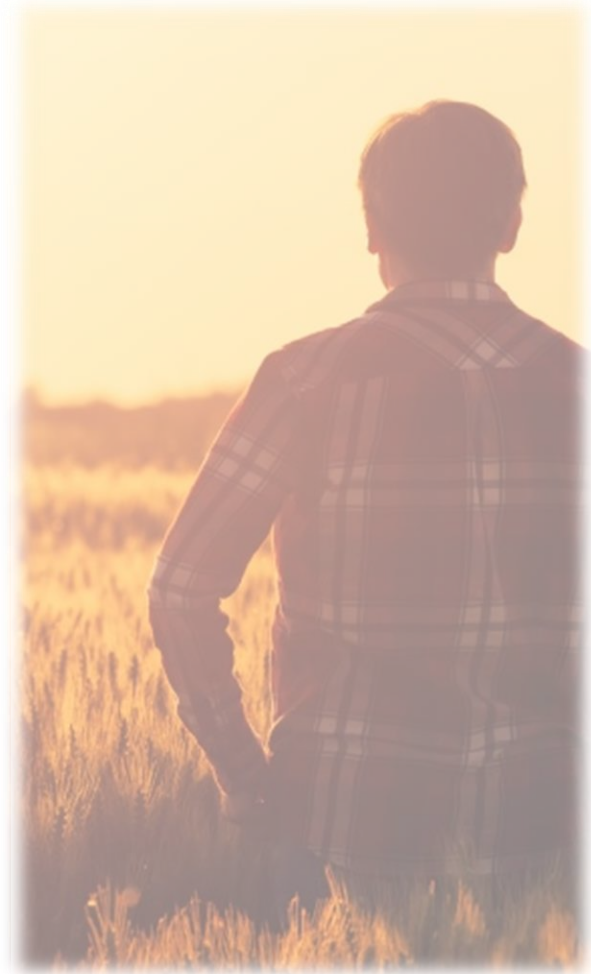
Employee Retention Credits

- ERC reduces expenses
- Credit not included into income



Paycheck Protection Program

- Simplified forgiveness
- Stay tuned



Tax Extenders

PERMANENT

Craft Beverage Modernization Act

>7.5% AGI medical expenses

Vol. firefighter state benefits

Energy efficient commercial buildings

Tax Extenders

Through 2021

Racehorses -3 years

PMI deduction

Health coverage tax credits

Energy credits

Tax Extenders

Through 2025

Employer-paid student loan income exclusion

Work opportunity tax credit

CFC look-through rules

Discharge of principal residence indebtedness

Additional Provisions

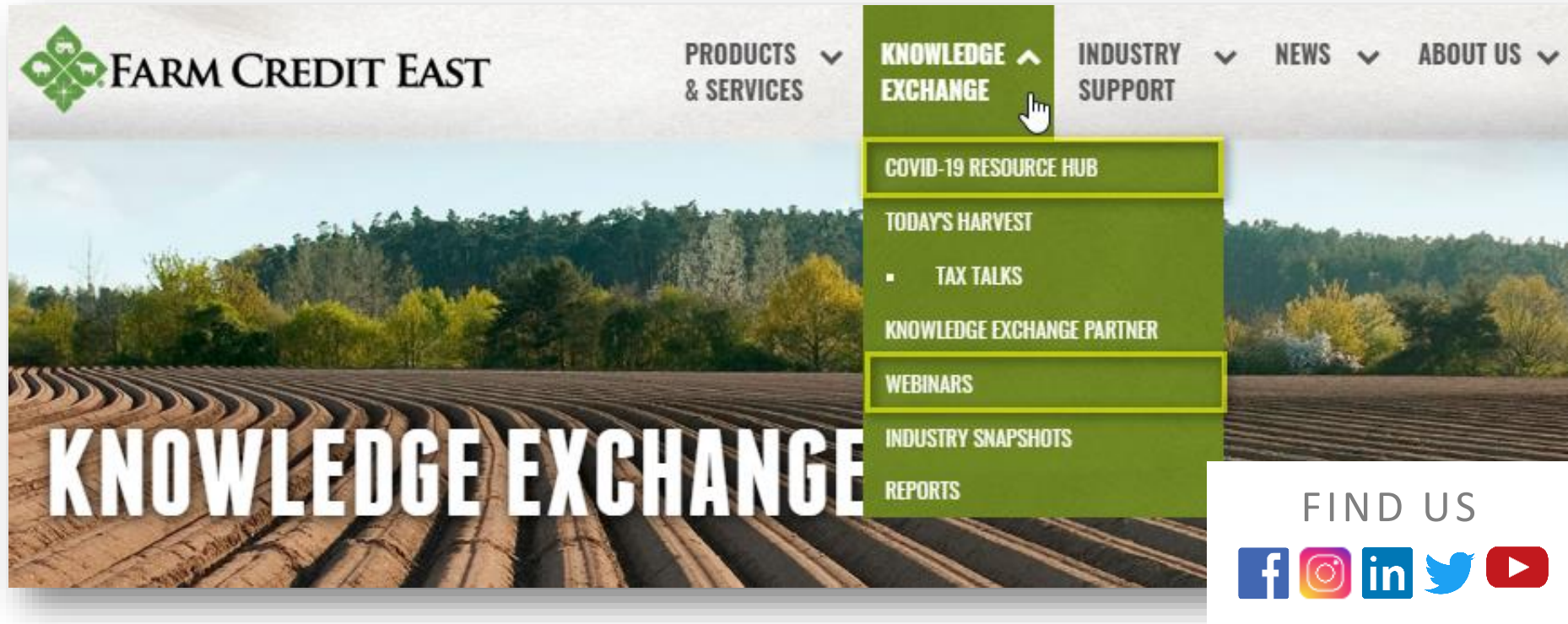
- Meals deduction – 100% for 2021/2022
- Charitable contributions- \$300 to \$600
- Eligible educator expenses – PPE supplies
- FFCRA leave credits – through 3/31

FarmCreditEast.com/resourcehub

COVID-19 resources relevant to Northeast agriculture and customers of Farm Credit East

FarmCreditEast.com/webinars

All upcoming and recorded webinars



The image is a screenshot of the Farm Credit East website. The top navigation bar includes the Farm Credit East logo on the left and several menu items: 'PRODUCTS & SERVICES', 'KNOWLEDGE EXCHANGE', 'INDUSTRY SUPPORT', 'NEWS', and 'ABOUT US'. The 'KNOWLEDGE EXCHANGE' menu is expanded, showing a list of options: 'COVID-19 RESOURCE HUB', 'TODAY'S HARVEST', 'TAX TALKS', 'KNOWLEDGE EXCHANGE PARTNER', 'WEBINARS', 'INDUSTRY SNAPSHOTS', and 'REPORTS'. The background of the website features a photograph of a plowed field with rows of furrows, and the text 'KNOWLEDGE EXCHANGE' is overlaid in large white letters. In the bottom right corner, there is a 'FIND US' section with social media icons for Facebook, Instagram, LinkedIn, Twitter, and YouTube.

FARM CREDIT EAST

PRODUCTS & SERVICES

KNOWLEDGE EXCHANGE

INDUSTRY SUPPORT

NEWS

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- TAX TALKS

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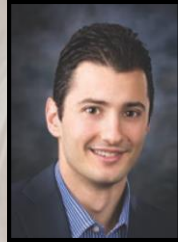
REPORTS

KNOWLEDGE EXCHANGE

FIND US

f i l t y

Questions?



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