

COVID RELATED CREDITS & SELF EMPLOYMENT SAVINGS

Explained in English

Mike Finazzo

Brown, Smith & Settle, LLC

ABOUT ME

Mike Finazzo, EA, MBA

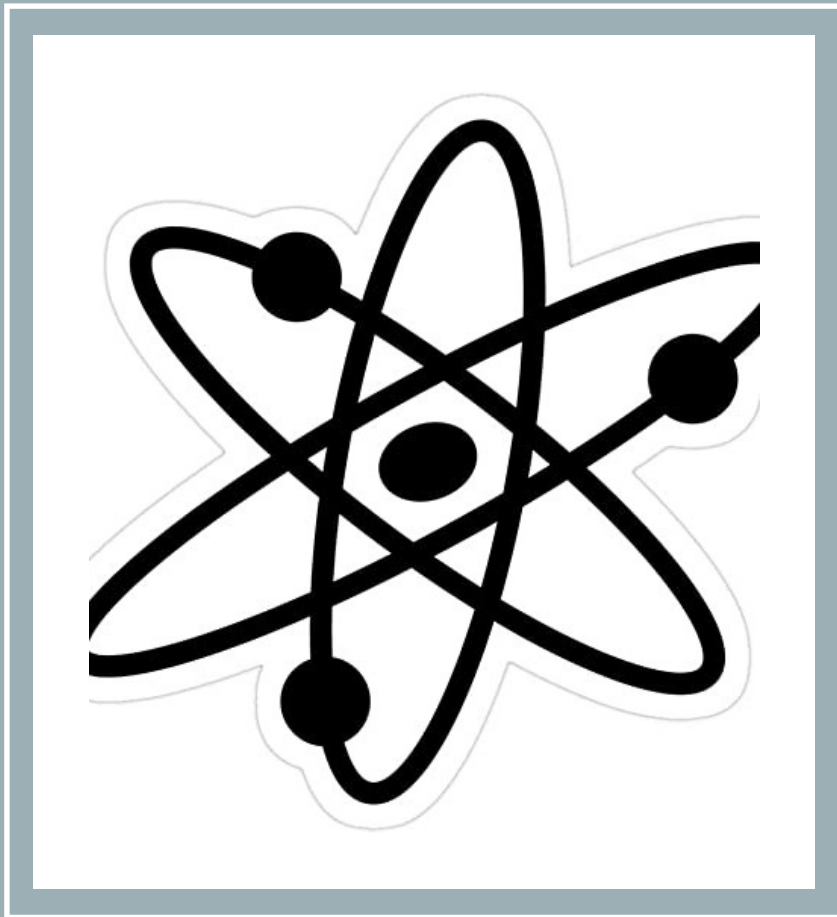
- Senior Staff Account at Brown, Smith & Settle, LLC
- 18 years experience in public and private accounting
- 12 years experience in Oil and Gas
- Live in Newburgh, IN with my wife, two kids and the worlds greatest dog

3 SPECIFIC PROGRAMS

Paycheck Protection Program (PPP)

Employee Retention Credit (ERC)

Families First Coronavirus Relief Act (FFCRA)



**DECEMBER 27, 2020
CONSOLIDATED
APPROPRIATIONS ACT**

PPP Forgiveness – First draw loan,
all expenses are tax deductible

PPP 2nd draw – Eligible if meet
certain criteria

ERC – extended through 2nd
quarter of 2021 and now can
work in conjunction with PPP



U.S. Small Business
Administration

PAYCHECK PROTECTION PROGRAM

PPP 2ND DRAW

- Happening Now – lenders are accepting applications
- Open until March 31, 2021
- AICPA President anticipates all qualified draws will be funded

QUALIFYING FOR ROUND 2

- Less than 300 employees
- Used all of round 1 draw
- 1 quarter of 2020 has to have receipts at least 25% less than the same quarter of 2019

EMPLOYEE RETENTION CREDIT

As painless as possible
I promise

RULES

1. *Only looking at employers under
100 employees*

2. *You weren't shut down due
to government order*

3. *You're not counting the same
wages used for PPP forgiveness
– no double dipping!*



QUALIFYING FOR ERC

2020

- Down 50% in receipts in 2nd, 3rd or 4th quarter compared to 2019
- Stay qualified until have quarter in 2020 that's 80% of 2019
- Look at quarter 2, oil selling at a negative price wasn't good for anyone
- Credit of 50% of first \$10,000 paid in

2020 wages available on 941

All Slides Property of Brown, Smith & Settle, LLC

2021

- Down 20% in receipts in 2021 as compared to 2019
- Stay qualified until have a quarter in 2021 that's 80% of 2019
- Program currently only extended to end of 2nd quarter
- Credit of 70% of first \$10,000 paid in each quarter of 2021 available on 941

DISCLAIMER

Discussion of ERC was NOT all encompassing. It's a nuanced program with a lot of ins and outs. It's a complicated case. There's an election available in 2021 related to 4th quarter 2020. There are deviations based on employers over 100 employees or if you were shut down by the government for any particular reason.

IF YOU THINK YOU QUALIFY, SPEAK
TO A TAX PROFESSIONAL

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WAKE UP, MATH IS OVER





SAVE ON SELF EMPLOYMENT TAX

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WHO PAYS SE TAX?

- YOU DO PROBABLY
 - Schedule C Contractors on 1040
 - Working Interest Owners
 - K-1 from 1065

FFCRA



QUALIFYING EVENTS

1. Is subject to a Federal, State, or local quarantine or isolation order related to COVID-19
2. Has been advised by a health care provider to self-quarantine related to COVID-19
3. Is experiencing COVID-19 symptoms and is seeking a medical diagnosis
4. Is caring for an individual subject to an order described in (1) or self-quarantine as described in (2)
5. Is caring for a child whose school or place of care is closed (or child care provider is unavailable) for reasons related to COVID-19
6. Is experiencing any other substantially-similar condition specified by the Secretary of Health and Human Services, in consultation with the Secretaries of Labor and Treasury.

EVENTS 1-3

- If any of events 1-3 happen, eligible for credit directly against SE tax
- Calculation based on SE income
 - Max credit is \$511 a day. Cap is roughly \$133,000 of SE income
 - Can take up 10 days, creating a credit against SE income of \$5,111

EVENT 5

- If any of event 5 happen, eligible for credit directly against SE tax
- Calculation based on SE income
 - Max credit is \$200 a day. Cap is roughly \$133,000 of SE income
 - Can take up 50 days, creating a credit against SE income of \$10,000

THANK YOU!

Questions?

mfinazzo@bsscpa.com

812-424-3388