



CONGRESS PASSES 2020 COVID RELIEF & YEAR-END STIMULUS

EXTENDED SUPPORT FOR SMALL BUSINESS ENERGY TAX EXTENDERS MADE PERMANENT

The "Consolidated Appropriations Act of 2021" (H.R. 133) was signed into law on December 27, 2020. It includes extensions of COVID relief measures, resources for vaccine distribution, tax extenders, and appropriations to fund the government.

REAL ESTATE & BUSINESS INTEREST

- Makes The Energy Efficient Commercial Building Tax Deduction (179D) permanent.
 - The deduction remains at \$1.80/sqft but will begin being increased with inflation.
 - Standard ASHRAE 90.1 must be exceeded by 50%.
 - The deduction will be tagged to the latest ASHRAE standard with a two-year look-back.
- Extended and expanded the employee retention tax credit for businesses that retain their employees for six-months until July 1, 2021.
 - **UPDATE:** Effective Jan. 1, 2021, the credit amount is increased to 70% (from the previous 50% in CARES) of qualified wages, which is amended to include the cost to continue providing health benefits.
- Temporary reinstatement of the full 100% deduction for business meals expenses (food and beverages) in 2021 and 2022.
- **No Change:** CARES Allows for a business net operating loss carryback of five years for tax years 2018, 2019, 2020.
 - Prior to this bill, net operating losses (NOL) were subject to taxable-income limitations and could not be carried back to reduce income in a prior tax year. The provision also temporarily removes the taxable income limitation to allow an NOL to fully offset income.
- **No Change:** CARES allowed for Increases the amount of interest expense – from 30% to 50% – that businesses are allowed to deduct from their taxable income for 2019 and 2020.
 - This provision will allow certain businesses to increase liquidity with a reduced cost of capital.
- \$429 billion in unspent CARES Act funds are being repurposed to help pay for this \$900 billion bill.

SMALL BUSINESS & TENANTS

- **New for BOMA Associations:** Paycheck Protection Program (PPP) expands eligibility to 501(c)6 organizations with 300 or fewer employees, 15% or less in lobbying activities and receipts, and less than \$1 million in spending for lobbying activities.
- **UPDATE:** H.R. 133 allows for businesses to take out a second, forgivable Paycheck Protection Program loan up to \$2 million per business through March 31, 2021. Previously the CARES Act Provided loans up to \$10 million per business for small businesses.
 - Only businesses with 300 or fewer employees qualify and must and show a 25% loss for one quarter in 2020 when compared to 2019.
 - Restaurant and hospitality businesses may apply for PPP loans equivalent to 3.5 times payroll, other businesses continue to be limited to 2.5 times payroll.
 - Must have exhausted PPP first round funds.
 - For forgiveness, 60% must be used towards payroll.
 - The remaining 40% now has expanded flexibility for expenses such as personal protective equipment, and COVID testing.
 - Real estate is still excluded as a passive business.
 - Publicly traded companies are prohibited from PPP eligibility.
 - Expedited loan forgiveness for loan \$150,000 and less.
- New SBA grants for eligibles shuttered theaters and live venues up to \$10 million.

INDIVIDUAL MEASURES

- **UPDATE:** Allocates money to the states for an increased unemployment benefit of \$300 per week from December 26, 2020 through March 31, 2021. The CARES Act allocated \$600 per week increase expired on July 31.
- Ensures that most workers are protected whether they work for businesses small, medium or large, along with self-employed and workers in the gig economy.
- Issues a second direct cash payment for Americans in the amount of \$600 for individuals and \$1,200 for married couples, plus an additional \$600 per child.
 - The amounts will decrease for individual incomes over \$75,000 and for joint incomes over \$150,000, based on your adjusted gross income (AGI) from your 2019 return.
 - Income caps for receiving stimulus checks are \$99,000 for individuals and \$198,000 for married couples.

RESOURCES

For individuals interested in learning more about the loans and tax relief on offer through this legislation, the following websites may be helpful.

- Internal Revenue Service: www.irs.gov/coronavirus
- U.S. Department of Treasury: home.treasury.gov/coronavirus
- U.S. Small Business Administration: www.sba.gov/coronavirus

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