

BUSINESS TAX BREAKS AND INCENTIVES: THE CARES ACT

Employee Retention Credit

- 1.** This is a credit against the employer share of Social Security payroll taxes and is only available for businesses in 2020. You **cannot** take this credit if you have received a Payroll Protection Loan.
- 2.** You are eligible for this credit if your business was impacted in the following ways:
 - a.** Your business was fully or partially suspended during a calendar quarter due to orders from an appropriate governmental authority; OR
 - b.** You had a “Significant Decline in Gross Receipts” during the calendar quarter.
 - c.** A Significant Decline in Gross Receipts occurs when your gross receipts for the current quarter are *less than* 50% for the same quarter in 2019. It creates a period of eligibility for the credit that doesn’t end until a calendar quarter where you are at 80% compared to the prior year.
- 3.** The **AMOUNT** of the credit is 50% of “Qualified Wages” for each employee, up to \$10,000 per employee. Wages otherwise subsidized are not eligible for the credit.
- 4.** If you have greater than 100 employees, qualified wages only include wages paid while the employee is *not providing services*.
- 5.** If you have 100 or fewer employees, all wages paid during the quarter are qualified.
- 6.** The difference between the credit calculated and the employer payroll tax liability is **REFUNDABLE** and you can claim a refund on your payroll tax for the quarter

BUSINESS TAX BREAKS & INCENTIVES

The CARES Act

Employer Payroll Tax Deferral

- 1. This provision allows you defer 50% of your payroll tax liabilities until December 31st, 2021, and the other 50% until December 31st, 2022.
- 2. You **cannot** defer your payroll taxes if you have Payroll Protection Loan and it is forgiven.
- 3. If you take the Employee Retention Credit for a quarter, only the difference between your Social Security tax liability and your credit will be refundable.
- 4. Only the employer portion of the payroll taxes due during 2020 are eligible for the deferral.

Income Tax Provisions for Businesses

- 1. You can now take Bonus Depreciation on qualified improvements to real property. Bonus Depreciation allows you establish a *Net Operating Loss* whereas Section 179 (previously available) did not. This change is effective **retroactively**, back to the beginning of 2018.
- 2. Net Operating Losses incurred in 2018, 2019, or 2020 will be allowed to be carried back to each of the previous 5 years. Additionally, Net Operating Losses carried to 2018, 2019, and 2020 can offset 100% of taxable income, instead of 80%.
- 3. The rules limiting interest deductions have been significantly relaxed. These rules only apply to large businesses (average annual gross receipts of \$25 million or more). If they do apply, you can deduct up to 50% of your combined 2019 and 2020 taxable income. In the event you have a loss in 2020, you can compute the limitation on just your 2019 taxable income.

Sales & Excise Tax Provisions for Businesses

- 1. Florida Businesses were granted a 10-day reprieve from interest and penalties for late-filing February 2020, Sales Tax Returns. Those need to be filed by March 31st, 2020.
- 2. Florida Business affected by the Coronavirus virus also have until April 30th to remit their March Sales Tax Returns. Those were due on April 20th.
- 3. Florida has also delayed the Annual Report filing until June 30th, 2020.