



COVID-19 Recovery 2.0: What You Need to Know

The long-awaited second COVID-19 recovery package was signed into law December 27, 2020. The package includes a second round of funding for both the Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan (EIDL) Advance Grant, though eligibility is more targeted for both programs. The new law also makes a number of business-friendly tax changes to both programs, as well as extending some of the tax credits from the first recovery package. Here are the main takeaways from the COVID-19 Recovery 2.0 legislation that small business owners should know:

Economic Impact Payment Check 2.0

- \$600 for an individual (\$1,200 for couples) plus an extra \$600 per dependent.
- Reduced for individuals earning more than \$75,000 and phased out entirely at \$100,000 (adjusted gross income).

PPP 2.0

- Re-opened through March 31, 2021 with an additional \$284 billion in funding.
- Businesses are eligible to receive a second forgivable loan if they:
 - employ 300 employees or less;
 - have used or will use the full amount of their first PPP; and
 - demonstrate at least a 25% reduction in gross receipts in any quarter in 2020 compared to the same quarter in 2019.
- Small business owners can also apply for an initial PPP loan.
- Simplifies the forgiveness application for loans under \$150,000.
- Allows borrowers to specify a covered period between 8 and 24 weeks for PPP 2.0 loans.
- Repeals the requirement of deducting an EIDL Advance Grant from PPP loan forgiveness amount.
- Expands eligible expenses to include costs for modified business operations, supplier costs, and costs associated with complying with health and safety guidelines.
- Businesses in the restaurant and hospitality industries are eligible to receive loans of 3.5 times average monthly payroll, rather than 2.5 times.



EIDL Advance Grant 2.0

- Adds another \$20 billion for EIDL Advance Grants.
- Eligible small businesses are able to receive additional funding if their first EIDL Advance Grant was under \$10,000.
- Businesses are eligible to receive an EIDL Advance Grant if they:
 - employ 300 employees or less;
 - demonstrate at least 30% reduction in gross receipts in any 8-week period between March 2, 2020 and December 31, 2021; and
 - are located in a low-income community, as defined for the New Markets Tax Credit (NMTC).

Tax Provisions

- Reverses IRS ruling to allow tax deductions for PPP forgiven expenses and clarifies that PPP loan forgiveness is not taxable income.
- Clarifies that EIDL Advance Grants are not included in taxable income.
- Extends FFCRA tax credits through March 31, 2021.
- Extends the Employee Retention Tax Credit through July 31, 2021 and expands the credit allowing PPP borrowers to claim the credit retroactively and prospectively.

NFIB will continue to update [NFIB's COVID-19 resources page](#) with details on PPP 2.0 loan and EIDL Advance Grant applications. Information will also be posted at [SBA.gov](#).

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