



**Greater New York
Automobile Dealers
Association**





WHAT DEALERS NEED TO KNOW ABOUT THE REVAMPED PAYCHECK PROTECTION PROGRAM (“PPP”)

GNYADA DEALER WEBINARS
JANUARY 7, 2021



Greater New York
Automobile Dealers
Association

GNYADA's

New York Labor Law Compliance Posters

Provided by the Greater New York Automobile Dealers Association as a benefit of membership.

New York Labor Law Compliance Posters

Provided by the Greater New York Automobile Dealers Association



We are here for American Miscellaneous Industry Employees

Rate Type	Rate
Minimum Wage	\$15.00
Targeted Wage	\$15.00
Targeted Wage	\$15.00

Rate Type	Rate
Minimum Wage	\$14.00
Targeted Wage	\$14.00
Targeted Wage	\$14.00

2021 STATEMENT OF RIGHTS

For each year of the statement, you must provide the following information to your employees:

1. The name of the employer.
2. The name of the union, if any.
3. The name of the representative, if any.
4. The name of the representative, if any.
5. The name of the representative, if any.
6. The name of the representative, if any.
7. The name of the representative, if any.
8. The name of the representative, if any.
9. The name of the representative, if any.
10. The name of the representative, if any.

Minimum Wage Poster

Print in Plain View

YOU HAVE A RIGHT TO KNOW!

Your employer must inform you of the health effects and hazards of toxic substances at your worksite.



Attention All Employees

Time Allowed
Employees to Vote on Election Day

N.Y. Election Law Section 5-332

- As a registered voter, you may take off up to 2 hours, without loss of pay, to allow you time to vote.
- You may take time off at the beginning or end of your working shift, as your employer may designate, unless otherwise mutually agreed.
- You must notify your employer not less than 2 days before the day of the election that you will take time off to vote.

NO SMOKING NO VAPING

N.Y. Public Health Law § 1399-a

United Employment Opportunity in THE LAW

THE EQUAL EMPLOYMENT OPPORTUNITY ACT

EMPLOYEE RIGHTS UNDER THE FAIR LABOR STANDARDS ACT

FEDERAL MINIMUM WAGE **\$7.25** per hour

EMPLOYEE RIGHTS UNDER THE FAMILY AND MEDICAL LEAVE ACT

1-800-4-USWAGE
www.dol.gov/weld

YOUR RIGHTS UNDER USERRA

THE UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES REEVE'S CARE ACT

EMPLOYEE RIGHTS EMPLOYEE POLYGRAPH PROTECTION ACT

The Employee Polygraph Protection Act prohibits most private employers from using lie detector tests either for pre-employment screening or during the course of employment.

Job Loss?

1. Unemployment Insurance
2. Health Insurance
3. Retirement Savings Plan

Job Safety and Health IT'S THE LAW!

OSHA

HELP PREVENT THE SPREAD OF COVID-19

Thank you.

Please post in conspicuous locations.

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Greater New York
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YEAR-END TAX REMINDERS FOR NEW CAR DEALERS

2020

Tax Reminders For:

- Tax Return Filing Dates
- Payroll
- Fixed Assets and Depreciation
- Inventory Methods
- Other Business Expenses and Tax Matters
- Accounting Related Reminders

GNYADA'S YEAR-END TAX REMINDERS FOR NEW CAR DEALERS

Sponsored by
Richards Witt & Charles

2020 AUTO DEALERSHIP YEAR-END TAX REMINDERS

paper or electronically is February 1, 2021.

2020 AUTO DEALERSHIP YEAR-END TAX REMINDERS

PAYROLL (continued)

Third party sick pay // Remember to include the reportable amount of sick pay which was paid to employees by your insurance company on Form 941, as well as the employee's Form W-2, including amounts withheld for income taxes.

Health Insurance Premiums for Owners // Health insurance premiums paid for more than 244 S Corp shareholders are taxable as wages and reported on Form W-2. The shareholders may deduct the cost of health insurance premiums as an adjustment to income on their individual Forms 1040. For Limited Liability Company members, these premiums are considered "guaranteed payments" and can be deducted as an adjustment to income as well.

Minimum Wage Rates for 2021 // Beginning on December 31, 2020 the following minimum wage rates are in effect:

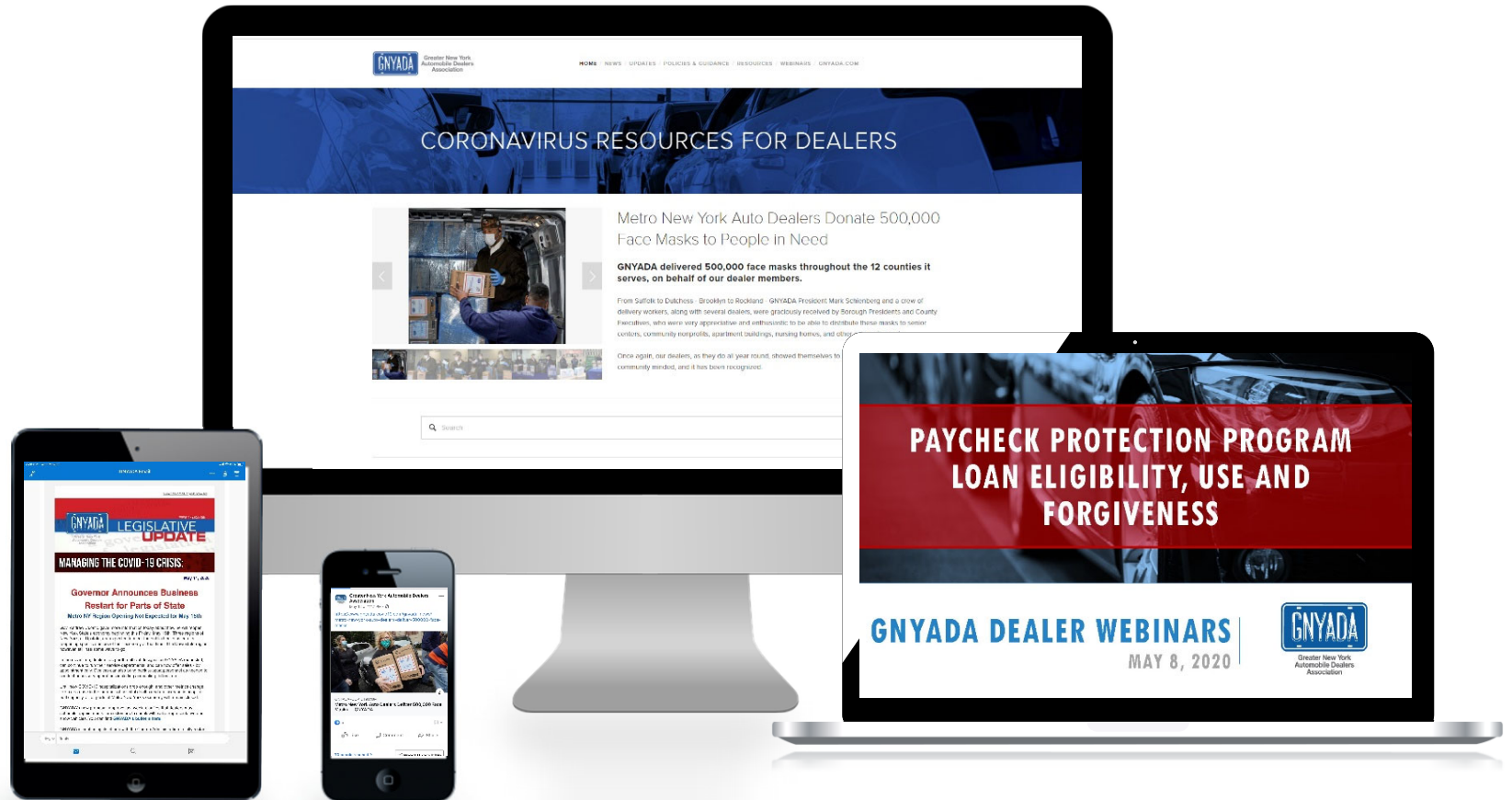
- Long Island and Westchester
- NYC
- Remainder of New York State

\$14.00
\$15.00
\$12.50

FIXED ASSETS AND DEPRECIATION

Depreciation // The maximum amount of qualified fixed assets that can be depreciated is \$2,590,000. Only if you do not acquire more than \$2,590,000 of qualified fixed assets in the purchase year is the full \$2,590,000 deduction available on the purchase year's return.

WWW.GNYADA-COVID19.COM



Greater New York Automobile Dealers Association

COMING UP NEXT WEEK

Tuesday, January 12th at 11:00 am

New York State Mandated Sick
Leave Law & COVID-19 Leaves of
Absence Update

Presented by:

James E. McGrath, III, Esq.

Rebecca K. Kimura, Esq.

Putney, Twombly, Hall & Hirson LLP

Thursday, January 14th at 11:00 am

Internal Controls

Presented by:

Christine Andrews

Robert Campbell

Withum+Smith+Brown, PC



Welcome to our Webinar

- ▶ Copies of this presentation and other resources can be found at <https://ceriniandassociates.com/coronavirus-updates/>
- ▶ If you would like CPE credit, please email kacerini@cerinicpa.com for a certificate
- ▶ Our presentation is based on all information and is current as of January 6th 2021. Any key changes that have occurred may not be reflected in this presentation.
- ▶ The information provided is based on our interpretation of the CARES Act (as amended), the consolidated appropriations bill and related acts after reviewing the law and consulting with other sources.
- ▶ This webinar & information is for educational purposes only and cannot be used to contest any IRS, SBA or other penalties or assessments. We make no guarantees regarding your eligibility for these programs or any related benefits.
- ▶ We will make every effort to answer questions at the end of the webinar, time permitting.
- ▶ Thank you for your attendance!

Additional Coronavirus Response and Relief Package - Stimulus for Businesses and Organizations



CERINI
&
ASSOCIATES LLP
CERTIFIED PUBLIC ACCOUNTANTS

January 7th, 2021

11:00 am

About the Speaker

- ▶ Tax Partner at Cerini and Associates, LLP
- ▶ 10+year experience
- ▶ Industry expertise includes Healthcare, Financial Services, Technology, Professional Services, State and Local Taxation, & International Taxation
- ▶ Contact Information:
emcwilliams@cerinicpa.com



Covered Topic

- ▶ Paycheck Projection Program (PPP) Loan Changes & 2nd Draw Loans
- ▶ Employee Retention Tax Credits (ERTC) 2020 Changes and 2021 Expansion
- ▶ Other Miscellaneous Provisions in the Package

PPP Changes and 2nd Draw Loans

PPP Updates from Additional Coronavirus Response & Relief Package

- ▶ The majority of these changes and expansions come from the “Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act”
- ▶ 2 Major Categories of Changes to the Program itself, along with a much needed change in relation to the taxation of the program

Changes to the
existing/original
PPP Loans

Expansion to
create 2nd Draw
PPP Loans

Changes to the PPP Loan Program

Covered Operations Expenditures	Software Payroll Processing Sales or Billing Functions Inventory Cloud Computing Human Resources Accounting Management
Covered Property Damage	Damages that occurred due to "public disturbances" that occurred during 2020
Covered Supplier Costs	Expenditure for Goods or Supply of Goods that are 1. Essential to the operations of the entity AND 2a. Purchased pursuant to a contract or purchase order in effect before the covered period OR 2b. With respect to perishable goods, in effect at any time during the covered period
Covered Worker Protections	Operating or capital expenditure to facilitate the adoption of any OSHA, CDC or state/local government order . May include Ventilation systems, increased outdoor space, sneeze guards or employee PPE.
These changes are retroactive to any PPP Loans, assuming no forgiveness has been requested	
These expenditures are included in the 40% non-payroll cost allowance	

PPP Use Eligible Expenses

At LEAST 60% (Can be more)	At MOST 40% (Can be Less)
Payroll Costs Cash Compensation Health Benefits Retirement Contributions State and Local Taxes	Interest on Mortgage Payments Rent Utilities Covered Operations Expenditures Covered Property Damage Covered Supplier costs Covered Worker Protections

Simplified Forgiveness Process for Certain Loans

- ▶ Creates a “rubber stamp” process for certain PPP Loans of less than \$150,000
- ▶ New forgiveness application due out within 24 days of passage (December 28th, 2020 -> February 11th, 2021).
- ▶ No longer than 1 page, including the following
 - ▶ Number of Employees Retained
 - ▶ *Estimated* amount spent on payroll costs
 - ▶ Loan value
 - ▶ Borrower Certifications
- ▶ No documentation required to be submitted!
- ▶ Must retain payroll records for 4 years, other expenses for 3 years

Other Miscellaneous PPP Loan Changes

- ▶ Increased eligibility for 501(c)(6) organizations and tax-exempt “Destination Marketing Organizations”
 - ▶ Eligibility can be limited by organizational lobbying activities
 - ▶ No more than 15% of receipts can come from lobbying activities
 - ▶ No more than 15% of expenditures can be spent on lobbying activities
 - ▶ No more than \$1,000,000 can be spent on lobbying expenditures in the previous tax year
 - ▶ Will be under the same rules for initial application (2019 average monthly payroll x 2.5)
- ▶ EIDL Grants (\$10,000) will no longer reduce forgiveness amounts.
- ▶ SBA has 45 days from enactment (February 11, 2021) to release its audit plan to congress.
- ▶ Group Insurance Payments were specifically included as eligible payroll costs
 - ▶ Dental, Vision, Group Life, Disability

PPP Federal Tax Deduction

Expenses paid with PPP Loan Funds are now fully deductible for Federal Tax purposes

- ▶ Included as part the “COVID-related Tax Relief Act of 2020”
- ▶ Allows for the deduction of expenses paid by PPP funds and increase in basis for the tax-exempt income.
- ▶ Taxpayers (S Corporation in particular) should be wary of basis related questions as it relates to timing of expenses and forgiveness.

PPP State Tax Deduction



There is substantial uncertainty currently as to whether or not the Federal PPP Deductibility will flow through to New York State & City tax returns.

- ▶ Traditionally, NYS and NYC have been a “rolling conformity” to the Internal Revenue Code (IRC), meaning they adopt changes as they happen.
- ▶ As part of the budget passed in 2020, NYS has opted to for years beginning before January 1st, 2022 and after March 1st, 2020 to not automatically conform to the IRC.
- ▶ This could mean that while taxpayers can deduct on the Federal returns, they may be required to include in income on their state returns.

Second Draw PPP Loans

Second Draw PPP Loan Eligibility

Borrower Eligibility

- Must be a business concern, NFP or contractor
- Substantially same as eligible borrower for original draw PPP

Employee Size

- Must have less than 300 employees
- Employees \neq FTE - “Full Time or Part Time Basis”

Original Draw PPP

- Must have used (but not necessarily forgiven) original PPP Loan Draw

Gross Receipts

- Must show a 25% decline in “Gross Receipts” in 2020 vs same quarter in 2019 - not versus consecutive quarters!
- Can be in either 1st, 2nd, 3rd OR 4th Quarter or Annual

Gross Receipts Defined

Entity Type	For Profit Entity	Nonprofit Entity
Included	Sales from Goods Receipts from Services Interest, Dividends, Rents, Royalties (regardless of derived in ordinary course of business)	Contributions, gifts, grants or similar amounts Gross amount of dues or assessments Gross receipts or sales from unrelated business activities Investment Income (Interest, Dividends, Rents, Royalties)
Excluded	Loan contributions Capital Gains Capital contributions PPP Loan Forgiveness Sales tax collected	Donated Services Unrealized Capital Gains PPP Loan Forgiveness
Statute Reference	121.104 SBA Size Regulations	IRC 6033; Reg 1.6033-2(g)(4)

Second Draw PPP Loan Gross Receipts Calculation

	1st Q	2nd Q	3rd Q	4th Q	Total
2019	500,000	525,000	515,000	470,000	2,010,000
2020	530,000	375,000	500,000	450,000	1,855,000

2020 vs 2019	6.00%	-28.57%	-2.91%	-4.26%	-7.71%
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Because there was a decline in 2nd Q 2020 vs 2019, this organization may be an eligible borrower

	1st Q	2nd Q	3rd Q	4th Q	Total
2019	-	-	125,000	185,000	310,000
2020	205,000	65,000	85,000	170,000	525,000

2020 vs Base	64.00%	-48.00%	-32.00%	-8.11%	69.35%
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This organization was not active during 1st and 2nd Q 2019, but had 3rd and 4th Q 2019 gross receipts, it would compare to those. 2nd Q 2020 had a more than 25% drop from 3rd Q 2019. Borrower is eligible.

	1st Q	2nd Q	3rd Q	4th Q	Total
2019	500,000	525,000	515,000	470,000	2,010,000
2020	530,000	450,000	460,000	420,000	1,860,000

2020 vs 2019	6.00%	-14.29%	-10.68%	-10.64%	-7.46%
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This organization did not have any quarter with a gross receipts decline of 25%, so they are not eligible

	1st Q	2nd Q	3rd Q	4th Q	Total
2019	-	-	-	-	-
2020	85,000	45,000	92,500	105,000	327,500

2020 vs Base		-47.06%	8.82%	23.53%	
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This organization was not active during 2019. In this limited case it would compare 2nd, 3rd and 4th Q 2020 vs 1st Q 2020

Second Draw PPP Loan Amount

Average Eligible Monthly
Payroll Costs



2.5

Maximum Loan Amount

2,000,000

Measurement Period Options

Last 12 Months Prior to Loan is Made

Calendar Year 2019

Calendar Year 2020

- ▶ Restaurants (NAICS Code 72xxxxx) can use 3.5 for the draw amount
- ▶ If a borrower uses 2019, no additional documentation will be required for payroll costs!

Second Draw PPP Loan Uses

The second draw uses follows the same use requirements as the original draw

At LEAST 60% (Can be more)	At MOST 40% (Can be Less)
Payroll Costs Cash Compensation Health Benefits Retirement Contributions State and Local Taxes	Interest on Mortgage Payments Rent Utilities Covered Operations Expenditures Covered Property Damage Covered Supplier costs Covered Worker Protections

Second Draw PPP Application Process & Notes

- ▶ Any lender that participated in the first PPP draw is eligible to participate
- ▶ **Therefore, it is advisable that you work with the same financial institution as with the first draw.**
- ▶ Lenders are permitted to use prior existing guidance and standard operating procedures as prior - per the SBA Interim Final Rules the terms and conditions of the second draw loans for lenders is nearly identical.

Employee Retention Tax Credit

Employee Retention Tax Credit (ERTC)

- ▶ Part of the appropriations bill “Taxpayer Certainty and Disaster Relief Act of 2020” (TCDRA) included both CHANGES to the 2020 ERTC and an EXPANSION of time and eligibility for the 2021
- ▶ **The major change: For Both 2020 and 2021, Borrowers who received a PPP Loan are now eligible to also claim an ERTC!**
 - ▶ This change is retroactive to March 12, 2020.
- ▶ Includes “Safeguards” to prevent double dipping on PPP and ERTC
- ▶ Program expanded through June 30, 2021
 - ▶ Expansion allows for a lower reduction to qualify, a higher FTE “ceiling” and higher credit
 - ▶ These changes are prospective only, not retroactive.

“Qualified Employer”

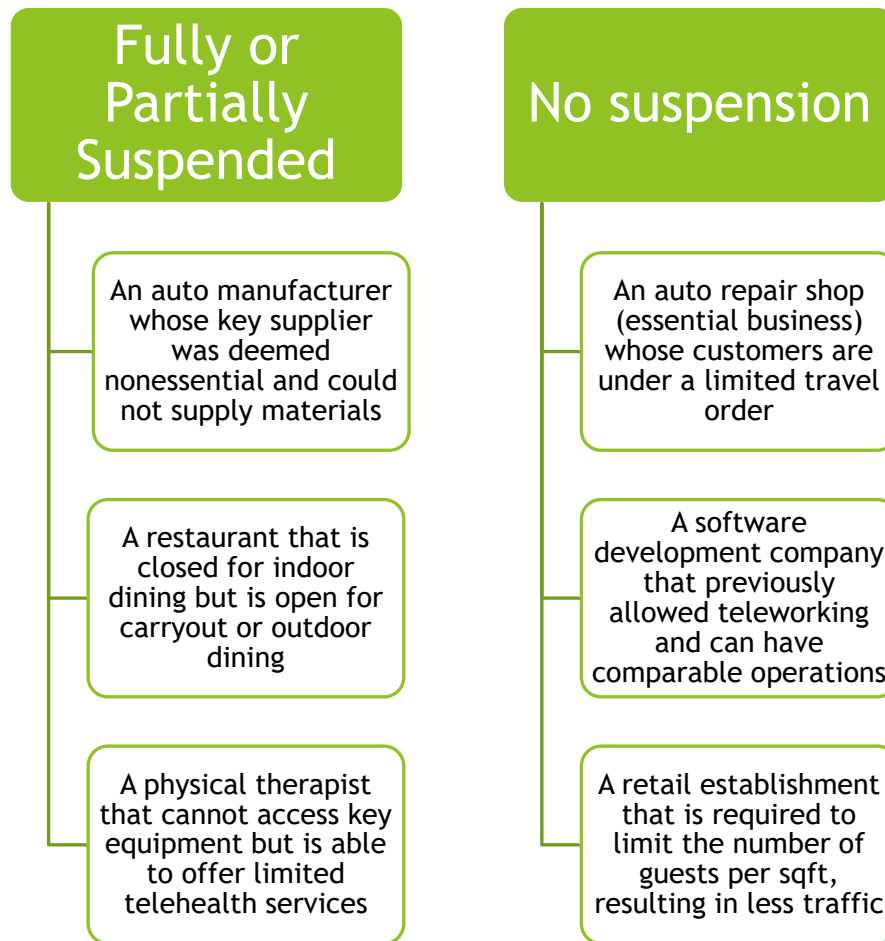


1. Fully or Partially
Suspended as a result
of a governmental
order



2. Experiencing a
“significant decline”
in gross receipts

“Full or Partial” Suspension



Significant Decline in Gross Receipts

Must show a **50%** decline vs the same quarter in 2019.
Continues through the quarter gross receipts are at least 80% of the prior year quarter (2019)

2020

2021

Must show a **20%** decline vs the same quarter in 2019
Can elect to use the prior quarter to show the decline, still vs 2019 (e.g. in 1st Q 2021 can elect to look at 4th Q 2020 vs 4th Q 2019)
Continues through quarter where receipts are at least 80% of the prior year quarter (2019)

Decline in Gross Receipts Examples

	1st Q	2nd Q	3rd Q	4th Q	Total
2019	120,000	150,000	170,000	180,000	620,000
2020	105,000	70,000	125,000	130,000	430,000
2021	110,000	115,000			225,000

2020 vs 2019	87.50%	46.67%	73.53%	72.22%
2021 vs 2019	91.67%	76.67%		

2020 ERTC Eligible	No	Yes	Yes	Yes
2021 ERTC Eligible	No	Yes		
2021 ALTERNATIVE	Yes	No		

ERTC Calculation Fact Sheet

Year		Number of FTEs		
		1-99	100-499	500+
2020	Qualified Wages	All Wages are Qualified	Only wages paid to employees not providing services are qualified	Only wages paid to employees not providing services are qualified
	Qualified Health Insurance Costs	All Employer Portion are Qualified (even if Furloughed)	Only for employees not providing service, including furloughed employees	Only for employees not providing service, including furloughed employees
	Wage Cap	\$10,000 per Employee per Year	\$10,000 per Employee per Year	\$10,000 per Employee per Year
	Rate	50%	50%	50%
	Max Credit Per Quarter	\$5,000	\$5,000	\$5,000
	Max Credit Per Year	\$5,000	\$5,000	\$5,000
2021	Qualified Wages	All Wages are Qualified	All Wages are Qualified	Only wages paid to employees not providing services are qualified
	Qualified Health Insurance Costs	All Employer Portion are Qualified (even if Furloughed)	All Employer Portion are Qualified (even if Furloughed)	Only for employees not providing service, including furloughed employees
	Wage Cap	\$10,000 per Employee per Quarter	\$10,000 per Employee per Quarter	\$10,000 per Employee per Quarter
	Rate	70%	70%	70%
	Max Credit Per Quarter	\$7,000	\$7,000	\$7,000
	Max Credit Per Year	\$14,000	\$14,000	\$14,000

Sample ERTC Calculations

		2nd Q 2020	3rd Q 2020	4th Q 2020	1st Q 2021	2nd Q 2021	TOTAL
Employee 1	Wages	12,500	12,500	12,500	13,125	13,125	63,750
	Health Insurance	2,500	2,500	2,500	3,000	3,000	13,500
	Quarter Credit	5,000	-		7,000	7,000	19,000
	Total Credit	5,000	5,000	5,000	12,000	19,000	46,000
Employee 2	Wages	6,000	6,000	6,000	6,500	6,500	31,000
	Health Insurance	-	-	-	-	-	-
	Quarter Credit	3,000	2,000	-	4,550	4,550	14,100
	Total Credit	3,000	5,000	5,000	9,550	14,100	36,650
Employee 3	Wages	-	-	7,500	7,750	7,750	23,000
	Health Insurance	2,500	2,500	2,500	2,750	2,750	13,000
	Quarter Credit	1,250	1,250	2,500	7,000	7,000	19,000
	Total Credit	1,250	2,500	5,000	12,000	19,000	39,750
Employee 4	Wages	-	-	4,500	9,000	12,000	25,500
	Health Insurance	-	-	-	-	-	-
	Quarter Credit	-	-	2,250	6,300	7,000	15,550
	Total Credit	-	-	2,250	8,550	15,550	26,350

ERTC Documentation

ERTC Documentation Recommendations	
Organizational Level	
1	Organizational Background, including information on key revenue or support streams, payroll processes and operational departments and functions
2	Environmental, political and economic summary of timeperiod
Eligibility Criteria	
1a	Identification (and COPY!) of full or partial governmental order, if applicable.
1b	Analysis of how governmental order impacts organization.
OR	
1	Calculation of 2019 gross receipts by quarter, with comparison to 2020 or 2021 receipts for the same quarter.
Employee Data	
1	Per payroll data sheet including employees Name Title Department Gross Pay (If applicable) Services provided to Organization (if applicable) Why unable to provide services
2	Calculation of Qualified Wages
3	Calculation of Qualified Health Plan Expenses
4	Payroll Journals for claimed periods
5	Health invoices for claimed periods

PPP and ERTC Interaction

- ▶ Any wages that a credit is claimed for an ERTC are not eligible PPP Payroll Costs
 - ▶ This is to prevent a double dipping
- ▶ Borrowers that are ERTC Eligible may want to “revisit” their forgiveness plans, particularly regarding payroll costs
- ▶ Increased allowable expenses may allow some borrowers to shift cost out of PPP Payroll costs to PPP nonpayroll costs and use those wages for the ERTC

Other Key Tax and Business Changes

Expansion of SBA Debt Relief Programs & EIDL Grants

SBA Debt Relief Program

- Originally offered 6 months of Principal and Interest payments on existing SBA Debt
- 504, 7A and SBA Microloans
- New Package allows for 3 more months of principal and interest payments on these loans.

EIDL Emergency Grant

- Originally offered a \$10,000 Emergency Grant when applying for EIDL Loan for all applicants, regardless of if approved for loan
- New package includes more funding (\$20,000,000,000) for this program for those who have not yet applied

Tax Treatment of SBA Debt Relief Programs & EIDL Grants



The prior 6-month SBA Loan Payments under CARES Act Section 1112(c) shall not be included in gross income, nor will any deduction be denied for any amounts paid with these funds.



The Emergency EIDL Grants & Targeted EIDL Advances under CARES Act Section 1110(e) shall not be included in gross income, nor will any deduction be denied for any amounts paid with these funds.

Extension of Unemployment Relief for Governmental Entities and Nonprofits

- ▶ Added as part of the CARES Act, Nonprofit Organizations & Governmental Agencies that were “reimbursement” employers were entitled to a payment equal to 50% of the amount of the unemployment reimbursement.
- ▶ Originally set to expire on December 31, 2020
- ▶ Has been extended to March 14, 2021
- ▶ Per NYS, reimbursing employers should only remit 50% of the amount billed and can ask for prior overpayments to be applied toward open bills.

Extension of Paid Family & Sick Leave Credits

- ▶ Added as part of the Families First Coronavirus Relief Act (FFCRA), credits were allowed for employers to cover the cost of mandatory sick via the Emergency Family and Medical Leave Act (EFMLEA) and Emergency Paid Sick Leave Act (EPSLA)
- ▶ Required employers to provide mandatory sick leave to effected employees under certain circumstances and provided a credit to equal the amount of leave.
 - ▶ Up to \$511 per day for 10 days (\$5,110) for an employee advised by a healthcare provider or government order to quarantine.
 - ▶ Up to \$200 per day for 10 days (\$2,000) to care for a family member with a quarantine order or caring for child whose school is closed
 - ▶ Up to an additional 10 weeks at \$200 per day (\$10,000) to care for a child whose school has closed
- ▶ No longer required to be provided, but employers can choose to offer (and otherwise comply with prior program) and still receive credits through March 31, 2021

100% Meals Deduction

Starting on January 1, 2021, taxpayers will be allowed a 100% deduction (rather than 50%) for meals for food or beverages provided by “a restaurant”



Still required to have a business purpose and meet all other requirements

Section 127 Student Loan Relief Payments

Added as part of the CARES Act, Section 127 Tuition Reimbursement was expanded to include employer payments of student loans.

Allows an employer to pay up to \$5,250 per year of Student Loans for employees in a tax-free basis to the employees and still deductible to the employers.

Must be made pursuant to a Section 127 plan, which must meet certain requirements including nondiscrimination testing & cannot offer other benefits.

Originally set to expire on December 31, 2020, has been extended to December 31, 2025.

Additional Economic Impact Payments

Filing Status	Phaseout Begins	Phaseout Ends	EIP amount
Single	\$ 75,000	\$ 99,000	\$ 600
Head of Household	\$ 112,500	\$ 148,500	\$ 600
Married	\$ 150,000	\$ 198,000	\$ 1,200

Additional \$600 per qualifying child

This is an advanced payment of a 2020 tax credit. Its not "use it or lose it."

- ▶ “Second round” payments for individuals were starting to be sent
- ▶ Will be the same method as the 2019 tax return

Questions?

Thank you for your attendance. If you have any questions or comments or potentially need assistance with these programs, please feel free to reach out to us

