

AMERICAN RESCUE PLAN ACT OF 2021

Tax Benefits for Business Taxpayers

Paid Sick and Family Leave Tax Credits	Your business can receive a 100% tax credit for eligible paid sick and family leave wages through 9/30/2021. The number of qualifying reasons increases, including for reasons related to COVID-19 vaccination. The equivalent refundable tax credits for self-employed individuals now apply through 9/30/2021 as well.
Employee Retention Credit	Your business can receive a 70% tax credit for certain wages paid to employees through 12/31/2021 if your business's operations are suspended by a government order, if you had a substantial decline in gross receipts from 2019, or you are a recovery start-up business (started after 2/15/2020 with less than \$1 million in gross receipts).
COVID-19 Benefit Taxation	If you received a targeted EIDL advance (for certain hard-hit businesses) or a restaurant revitalization grant (a new program in this law), the benefit is tax-free to you.
Form 1099-K Reporting	Third-party settlement organizations that process your electronic payments must report them to the IRS on Form 1099-K if they exceed \$600, no matter how many transactions (currently \$20,000 and 200 transactions). Transactions are only reported if you receive funds to provide goods or services for the payment (not reimbursements from friends and family).
COBRA Subsidy	Your business may be required to subsidize 100% of the COBRA cost if an employee receives COBRA due to a reduction in hours or involuntary termination. Your business will receive a 100% payroll tax credit to offset the cost of the subsidy. Employees who left employment voluntarily are not eligible for this benefit.
Excess Business Losses	The Tax Cuts and Jobs Act prevented you from using large business losses (more than \$250,000, or \$500,000 if filing joint) against non-business income for tax years 2018 through 2025. The CARES Act suspended this for tax years 2018 through 2020. The new law extends this loss limitation rule through tax year 2026.