

Twitter Thread by Jeff "The Buckinghamhammer" Levine, CPA/PFS, CFP®



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OK we have text of the new Stimulus bill... combined w/ a WHOLE lot of other legislation.

**In all the PDF version of the full bill clocks in at 5593 pages. Can be found:
<https://t.co/RwPOMZ5b7d>**

Buckle up. This is gonna be a LONG ride!



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But before we dive into the bill, a quick note from my soap box... This whole process is absurd. They JUST released a 5k+ page bill, and they are going to vote on it TODAY.

They aren't even pretending to have time to read what they're voting on anymore.

Steps off soap box



3/x

Ok... on to the meat. Let's start by answering the question that so many are already asking... "Will I be getting another #stimulus check?"

The answer, like last time, is "Maybe."

Notably, the maximum stimulus amount per person this time around is \$600.



4/x

Under the CARES Act, adults got \$1,200 for themselves, and \$500 for children as a 'base amount.' This time, it's \$600 for each person.

So, for instance, a single filer w/ no kids starts w/ base of \$600. Family of five, like this ■ starts w/ a base amount of $\$600 \times 5 = \$3k$



5/x

But those amounts" will be reduced once income exceeds the following thresholds:

Single: \$75,000
Joint: \$150,000
HOH: \$112,500

As was the case under the CARES Act, the 'base' stimulus check will phase out by \$5 for every \$100 a taxpayer is over their applicable threshold.



6/x

Some thoughts...

- This is another 2020 refundable credit
- The checks will be paid now based on 2019 AGI
- Qualifications look the same as CARES (e.g., kids STILL only count if they can be claimed for the Child Tax Credit)

If your income is much different than 2019, see■

		2020 Income	
		Income Lower Than Threshold	Income Higher Than Threshold
2018/2019 Income*	Income Lower Than Threshold	Get Recovery Rebate Now Keep Recovery Rebate	Get Recovery Rebate Now Keep Recovery Rebate (Even Though 2020 Income Exceeds)
	Income Higher Than Threshold	No Recovery Rebate Now Recovery Rebate Will be Applied to 2020 Return	No Recovery Rebate Now No Recovery Rebate Applied to 2020 Return

*Most current year on file

7/x

Congress also addressed a BIG issue w/ 1st payments. What happens to payments made to dead people?

In short, they EXPLICITLY state people who died before 2020 do NOT get stimulus checks. Reading between lines, that

SHOULD mean those who died early this year DO get them■■■■■

“(A) any individual who was deceased before January 1, 2020, shall be treated for purposes of applying subsection (g) in the same manner as if the valid identification number of such person was not included on the return of tax for such taxable year, and

“(B) no amount shall be determined under this subsection with respect to any qualifying child of the taxpayer if—

“(i) the taxpayer was deceased before January 1, 2020, or

“(ii) in the case of a joint return, both taxpayers were deceased before January 1, 2020.

8/x

Ahhh... seems Congress further clarified this point for Round 1 checks as well.

For those who have been following me closely, you know this was my prediction. And why I urged people to consider waiting to refund checks sent to 2020 decedents, despite contrary IRS guidance.

18 SEC. 273. AMENDMENTS TO RECOVERY REBATES UNDER
19 THE CARES ACT.

20 (a) AMENDMENTS TO SECTION 6428 OF THE INTER-
21 NAL REVENUE CODE OF 1986.—Section 6428 is amend-
22 ed—

23 (1) in subsection (c)(1), by inserting “or a sur-
24 viving spouse (as defined in section 2(a))” after
25 “joint return”,

9/x

Moving on. You may recall that back in August, President Trump signed an Executive Order that allowed payroll taxes through the end of the year to be deferred (he wanted to eliminate them entirely, but lacked statutory authority).

Well, good news for some of those folks...



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Originally, the amounts were to be repaid from Jan 21 - April 21. But the Act extends that to Dec 21.

Bottom line... deferrals still must be repaid, but can be spread over a longer time, so Q1 2021 cashflow will be a little bit better for those who deferred in Q4 2020.

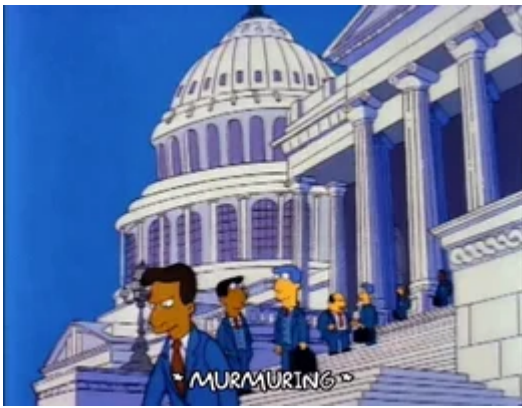


11/x

As to who this pertains to, notably, employers were given the OPTION to participate.

Some did, but most didn't b/c it was complex and, frankly, wasn't all that great of a benefit for workers■

BUT Fed employees were FORCED to participate. So that's a good starting point.



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Of note to educators, if you spend \$ on PPE or cleaning supplies for the classroom, those expenses can be used towards your Educator Expense deduction.

Unfortunately, no change to the \$250 limit.

(Side note: Teachers should not have to shell out \$ to keep classrooms safe)

16 May 1, 2021. Each piece is appears within.

17 **SEC. 275. REGULATIONS OR GUIDANCE CLARIFYING APPLI-**
18 **CATION OF EDUCATOR EXPENSE TAX DEDUC-**
19 **TION.**

20 Not later than February 28, 2021, the Secretary of
21 the Treasury (or the Secretary's delegate) shall by regula-
22 tion or other guidance clarify that personal protective
23 equipment, disinfectant, and other supplies used for the
24 prevention of the spread of COVID-19 are treated as de-
25 scribed in section 62(a)(2)(D)(ii) of the Internal Revenue

13/

Back to BIG news... taxation (or rather, lack thereof) of forgiven #PaycheckProtectionProgram (#PPP) loans.

Mercifully, Congress has ended the debate. Businesses CAN deduct expenses paid w/ PPP funds. This DOES sort of provide a double benefit to business owners, but...

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It's worth noting many business owners kept employees on payroll ONLY b/c they had the #PPP loan.

Eliminating the deduction for those expenses would have resulted in potential hardship to those biz owners for doing what

the law was designed to do... keep people on payroll.

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Nice little nugget here for #CPAs. Looks like Congress is going to let lenders forgo issuing a 1099 for forgiven PPP debt.

One less entry to make on the return, and 1,454,882 questions about why the client received a 1099 for a non-taxable event avoided!



16/

Wasn't aware this was really up for debate before, but Act clarifies that Coronavirus-Related Distributions CAN be made from Money Purchase plans.

Reminder: These distributions are allowed through 12/31/20. A similar provision is included though (more on this in a bit)

17/

Employers: The refundable payroll tax credits for sick + family leave created by Families First Act (pre-CARES Act legislation) are extended through March 2021.

Self-employed individuals are also given the option to use prior-year's net earnings instead of current year.

18/

OK... Let's get back to another BIG TICKET ITEM; the extension and expansion of the Paycheck Protection Program...

Perhaps the craziest thing in this bill... Congress just gave SBA 10 DAYS to write Regs... over Christmas. Somebody was

clearly on Congress's naughty list.

22 **SEC. 303. EMERGENCY RULEMAKING AUTHORITY.**

23 Not later than 10 days after the date of enactment
24 of this Act, the Administrator shall issue regulations to
25 carry out this Act and the amendments made by this Act

19/

There's A LOT here on PPP.

For starters, all sorts of new qualifying expenses, including COVERED:

- Operations Expenditures
- Property Damage Costs
- Supplier Costs
- Worker Protection Expenditures

Also, PPP loans may have long-term legs. Officially moved to SBA Act...

(A) IN GENERAL.—Section 1106 of the
CARES Act (15 U.S.C. 9005) is redesignated
as section 7A, transferred to the Small Business Act (15 U.S.C. 631 et seq.), and inserted
so as to appear after section 7 of the Small
Business Act (15 U.S.C. 636).

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I'd surmise that part of this is that Congress may want to use some PPP loans as a tool in future disaster scenarios without having to literally re-write the book again.

May we all be so lucky as to never need to take a PPP loan at any point in the future.



21/

Now... about those new eligible PPP expenses, what exactly are all those "Covered" expenses?■

Easier to show you than to tell you on this one.

See below■

“(3) the term ‘covered operations expenditure’ means a payment for any business software or cloud computing service that facilitates business operations, product or service delivery, the processing, payment, or tracking of payroll expenses, human resources, sales and billing functions, or accounting or tracking of supplies, inventory, records and expenses;”;

22/

Tangent: Going through this Section of the Act is a royal pain in the butt.

Not only is it a monstrous amount of legalese, but SO MUCH of it refers back to the CARES Act, so you kind of have to look at this bill, and splice it into the CARES Act to figure out what's up.



23/

Continuing the 2020 theme of making the shelf-life of my writing that of warm milk in the sun, Congress has also updated the choice of Covered Periods for PPP borrowers.

Now ALL borrowers can choose 8-week or 24-week period (choice was only allowed for pre-6/5/20 loans)



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BTW... did you notice the chalkboard on the last tweet. Not bad, eh?

I digress (this bill is 5,000+ pages, so that'll happen a few more times. You'll just have to bear w/ me)...

Back to work... While there has been speculation about potentially letting small(ish) PPP...

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loans receive automatic forgiveness, it appears that won't happen.

BUT, the Act mandates SBA create a 1-page-or-less Forgiveness App for PPP borrowers of less than \$150k.

Ironic Congress instructed SBA to make a 1-page form via a 5k+ page law■

BTW, SBA has 24 days■■

“(l) SIMPLIFIED APPLICATION.—

“(1) COVERED LOANS UP TO \$150,000.—

“(A) IN GENERAL .—With respect to a covered loan made to an eligible recipient that is not more than \$150,000, the covered loan amount shall be forgiven under this section if the eligible recipient—

“(i) signs and submits to the lender a certification, to be established by the Administrator not later than 24 days after the date of enactment of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, which—

“(I) shall be not more than 1 page in length; and