

Nonprofit Provisions in COVID Relief Legislation

Omnibus Appropriations and Emergency Coronavirus Relief Act, P.L. 116-260

ISSUE	COVID RELIEF LEGISLATION
Tax Provisions	
Unemployment Insurance & Self-Insured Employers Nonprofit Ask: Extension into 2021 and 100% federal coverage	<ul style="list-style-type: none"> ○ Extends until 3/14/2021 the 50% federal coverage of the costs of self-insured “reimbursable” employers. (Section 202, page 1933)
Charitable Giving Incentives Nonprofit Ask: Increase cap of the above-the-line deduction and extend it and other charitable giving incentives through 2021	<ul style="list-style-type: none"> ○ Reestablishes the \$300 above-the-line deduction for 2021 and permits a \$600 deduction for couples filing jointly in 2021; imposes a penalty for overstating contributions. (Section 212, page 2481 [p. 4948]) ○ The bill also extends for one year the increased limits on deductible charitable contributions for individuals who itemize and for corporations. (Section 213, Page 2483 [p. 4951])
Employee Retention Tax Credit (ERTC) Nonprofit Ask: Expand the Employee Retention Tax Credit to help nonprofits retain employees, scale service delivery, and create new jobs	<ul style="list-style-type: none"> ○ Extends the Employee Retention Tax Credit through 7/1/2021. ○ It also improves the refundable payroll tax credit by reducing the amount of required year-over-year decline in gross receipts from 50% to 20%, while increasing the credit from 50% to 70% of workers’ “creditable wages” of up to \$10,000 for each of two quarters, for a maximum per worker benefit of \$14,000. ○ Expands full benefit to all employees of employers with 500 or fewer employees; larger employers can apply the credit only to workers who are paid but are not working. ○ Provides that employers who receive Paycheck Protection Program (PPP) loans may still qualify for the ERTC with respect to wages that are not paid for with forgiven PPP proceeds. (Sections 206 & 207, pages 2460-2476 [p. 4927-4944])
Paid Sick Leave	<ul style="list-style-type: none"> ○ Extends through 3/ 31/2021 the refundable payroll tax credits for paid sick and family leave that were established in the Families First Coronavirus Response Act. NOTE: the law does not extend the mandated paid leave provisions of the Families First Act. (Section 286, pages 110-114 [2033-2037]) ○ Extends through 2025 the 12.5% tax credit for paid family and medical leave originally enacted in the 2017 tax law. (Sec. 119, Page 2438)
Loan Programs	
Funding	<ul style="list-style-type: none"> ○ \$284 billion to SBA for Paycheck Protection Program (PPP), \$20 billion for EIDL grants, \$15 billion in dedicated funding for shuttered venues.

<p>PPP Eligibility</p> <p>Nonprofit Ask: Extend eligibility of PPP to nonprofits of all sizes and lift the loan cap to appropriately reflect the operational needs of these nonprofits.</p>	<ul style="list-style-type: none"> ○ Expands to include qualified 501(c)(6) orgs. (Section 318, page 177- 182 [2100-2105])
<p>PPP Loan Forgiveness</p>	<ul style="list-style-type: none"> ○ Expands forgivable expenses to include personal protective equipment, covered supplier costs, facilities modifications, covered worker protection expenditures. (Section 304, pages 120-129 [p. 2043-2052]) ○ Simplifies the forgiveness application process for smaller loans up to \$150,000 by allowing them to attest on a one-page form that they complied with the terms of the CARES Act PPP provisions. (Section 307, pages 132-138 [p. 2055-2061]) ○ Improved coordination with ERTC. (page 2462 [p. 4929])
<p>PPP Second Draw</p>	<ul style="list-style-type: none"> ○ Available to employers that: <ul style="list-style-type: none"> ○ Employ 300 or fewer employees, and ○ demonstrate at least a 25% reduction in gross revenues between same quarters in 2020 and 2019; nonprofit “gross receipts” defined under Section 6033 of Internal Revenue Code. ○ Maximum loan amount: \$2 million (Section 311, pages 141-160 [2064-2083])
<p>Deductibility by For-Profit Entities</p>	<ul style="list-style-type: none"> ○ Allows for-profit borrowers to receive tax-free loan forgiveness and deduct from income taxes the business expenses covered by the loan. (Section 276, page 81-83 [p. 2004-2006])
<p>Economic Injury Disaster Loan (EIDL)</p> <p>Nonprofit Ask: Restore the statutory cap on loans to \$2 million, allow existing borrowers to modify loans and apply for funds up to cap.</p>	<ul style="list-style-type: none"> ○ Targets a new round of EIDL advances for small employers located in low-income communities, have suffered economic loss of greater than 30%, and employ 300 or fewer employees. (Section 331, pages 261-266 [2184-2190]) ○ Extends emergency EIDL Grants through 12/31/2021. (Section 332, pages 267-270 [p. 2191-2193]) ○ Repeals EIDL Advance Reduction that occurred when borrowers sought PPP loan forgiveness. (Section 333, pages 270-271 [2193-2194])
<p>Save Our Stages</p>	<ul style="list-style-type: none"> ○ Provides grants of up to \$10 million for performance venues, independent movie theaters, and cultural institutions. (Section 324, pages 201- 230 [p. 2124-2153])
<p>Other Provisions</p>	
<p>Coronavirus Relief Fund</p> <p>Nonprofit Ask: Extend the deadline through 2021.</p>	<ul style="list-style-type: none"> ○ Extends deadline for states to spend CRF monies through 12/31/2021. (Section 1001, page 536 [2459])