



LMHS, P.C.
Certified Public Accountants and Advisors

To: Our Clients and Friends
From: Your team at LMHS, P.C.
Date: March 17, 2021
Subject: Impact of the American Rescue Plan Act of 2021 on Businesses

On March 11, 2021, the President signed the American Rescue Plan Act of 2021 (“ARPA”) into law, providing an additional estimated \$1.9 trillion in stimulus to aid in the COVID-19 pandemic. Below is a summary of the tax provisions of the ARPA that apply to businesses:

Employee Retention Credit. The ARPA extends the employee retention credit created by the CARES Act through Dec. 31, 2021. In addition, the ARPA also expands eligibility to new startups that were established by February 15, 2020, and also for severely financially distressed employers whose gross receipts are less than 10% of what they were in the same calendar quarter for 2019. The credit is capped at \$50,000 per calendar quarter for startups.

FFCRA Paid Leave Credits. The ARPA also extends tax credits for employer-provided paid sick leave created under the FFCRA through September 30, 2021. This also increases the wages covered by the paid family leave credit to \$12,000 per worker (up from \$10,000), cover as many as 60 days of paid family leave for self-employed individuals (up from 50 days) and prevents employers from receiving credits if their paid leave favors highly compensated employees, full-time workers, or employees based on tenure.

PPP Expansion. The ARPA provides additional funding for the Paycheck Protection Program and generally expands eligibility to more categories of businesses.

EIDL Loans. Additional funding will also be allocated to the Economic Injury Disaster Loan advances, with one-third of the new funding dedicated to businesses that suffered more than a 50% revenue loss and employs less than 10 people.

Restaurant Revitalization Fund. The Restaurant Revitalization Fund will provide grants to restaurants, food trucks, bars, caterers and other similar operations. Eligibility for the grants is largely based on the size of the restaurant. Publicly traded companies, government operated businesses and restaurants with over 20 locations will be ineligible. These grants may be used to cover a multitude of business-related expenses, including payroll, rent, maintenance, supplies and other costs and will not be treated as taxable income.

If you have questions specific to your business and how the ARPA will impact you, please reach out to your tax advisors at LMHS, P.C. We are here to continue to help our clients navigate through these difficult times.