

TO: NAW Direct Members

FR: NAW Government Relations Team

RE: NAW COVID/Government Relations Update Number 2021-2 – January 14 at Noon

1. Latest on the Paycheck Protection Program

Late last Friday afternoon, we participated in a call with SBA officials to get updated information on the PPP. They intended to do a PowerPoint presentation but due to a technology glitch, none of us on the call could see the PowerPoint. They said they would send us an updated slide deck by Sunday afternoon, which we still have not received, but this morning they released some updated information which you can read [HERE](#).

Combining what we learned on Friday with the information the SBA released this morning:

The program opened on Monday for new loans, and on Wednesday for 2nd draw loans, ***but only a handful of small banks serving under-served constituents were eligible to participate this week.***

The program will further open to certain additional borrowers/lenders on Friday, January 15th, and to more borrowers/lenders on Tuesday, January 19th:

The [U.S. Small Business Administration](#), in consultation with the U.S. Treasury Department, will re-open the Paycheck Protection Program (PPP) loan portal to PPP-eligible lenders with \$1 billion or less in assets for First and Second Draw applications on Friday, January 15, 2021 at 9 am ET. The portal will fully open on Tuesday, January 19, 2021 to all participating PPP lenders to submit First and Second Draw loan applications to SBA ...

On Friday, SBA will continue its emphasis on reaching smaller lenders and businesses by opening to approximately 5,000 more lenders, including community banks, credit unions, and farm credit institutions. Moreover, the agency also plans to have dedicated service hours for these smaller lenders after the portal fully re-opens next week.

The SBA executives on the Friday call were surprisingly confident that the funds will NOT run out and that there will be no need to rush to get an application submitted – they

said they have run numbers and determined that reducing the maximum loan amount and requiring a 25% revenue loss for 2nd draw loans will reduce demand and that the funds appropriated will be sufficient.

Borrowers should expect a “time lapse” between the time banks submit loan application and the time they are provided a loan number – it will be a slower process this time because the agency will be doing some pre-screening analysis which they say will make the forgiveness process easier.

Also according to SBA officials, PPP borrowers who have had their loans forgiven but deducted an EIDL grant from the forgiven amount will be eligible for a refund of the EIDL grant deduction.

Employee Retention Tax Credit (ERTC):

On a related issue, we previously reported that the ERTC was extended and expanded in the relief bill passed last month, and that PPP borrowers are now eligible for the ERTC. The Covington law firm is conducting a webcast on January 26th – “*New Enhanced Employee Retention Tax Credit Delivers More Dollars to More Employers than Last Year’s CARES Act*” – focusing on the opportunities for employers in the revised program:

Please join us for an insider's look at the recently enacted changes to the Employee Retention Tax Credit ("ERTC") and how it could help your company immediately.
[*New Enhanced Employee Retention Tax Credit Delivers More Dollars to More Employers than Last Year's CARES Act | New Enhanced Employee Retention Tax Credit Delivers More Dollars to More Employers than Last Year's CARES Act\(7\) \(covcommunicate.com\)*](#)

2. Latest on the Economic Recovery and Re-Opening the Workplace

As the Coronavirus Pandemic continues to impact the United States economy and businesses across the nation, it can be hard to decipher how new regulations and laws may impact your business. To help you manage these issues NAW is providing information about reports, webinars and seminars that you may find useful:

[**NAW Digital Summit: Register by Jan. 15 to get a special gift box**](#)

Don't miss NAW's first-ever Digital Summit, January 27–28. [Register by Jan. 15](#) and receive a special gift box from NAW that includes items for you to use on each day! The NAW Digital Summit is focused on helping you lead through a time of transition. You'll hear from distribution CEOs, network with your peers, get the 2021-22 economic forecast, find out what the Biden agenda means for distribution, plus much more. Use special 5- and 10-pack registrations to bring your team!

From *Little Law Firm*:

[Bouncing Back \(and Forth\): Statewide Reopening and Mitigation Steps](#)

As the pandemic unfolds, government officials are reevaluating their health and safety protocols and adjusting workplace guidance. This post provides links to key re-opening orders and/or mitigation measures issued in recent weeks, at the statewide level. To read more, click [HERE](#).

From *Little Law Firm*:

[Giving it Our Best Shot – Statewide Vaccination Plans](#)

This chart provides links to state agency websites, vaccine allocation plans, and other guidance related to the rollout of COVID-19 vaccines, as well as basic vaccination plan phases.

Stateside Associates publishes a daily report about State and Local Government responses to the evolving situation. To read their latest report, click [HERE](#).

We are also providing a link to a spreadsheet that includes state and local COVID-19 response information provided by ***MultiState Associates***. To view their spreadsheet, click [HERE](#).

3. Latest on the Issues Unrelated to COVID-19

The IRS has finalized another set of rules on limits to tax deductions businesses can claim for interest they pay on their debt.

They affect non-corporate businesses organized as passthroughs, their partners and shareholders, as well as regulated investment companies, controlled foreign corporations, foreign corporations with U.S. shareholders and real estate development, according to the IRS notice.

The Tax Cuts and Jobs Act, H.R. 1 (115), altered the deduction when it passed in 2017, and the latest regulations cement changes to tax breaks for interest on financing. The provision generally limits the deduction to 30 percent of a business's taxable income, though the cap was temporarily boosted to 50% through economic relief legislation last year, the CARES Act, H.R. 748 (116). To read the finalized set of rules from the IRS, click [HERE](#).

[Click here](#) for links to *UPDATES* sent previously.

Many thanks—

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