



Agenda

- PPP / EIDL Recent Updates
- Farmer PPP
- PPP 2nd Draw
- Employee Retention Credit





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Helping Farm Families Succeed









PPP 2020 Recent Updates

- Expenses paid with PPP loan are deductible
- EIDL advance grants are not taxable
- EIDL advance grants do not reduce PPP forgiveness
- Simplified PPP forgiveness loans < \$150,000
- Employee Retention Credits & PPP both available to same taxpayer in 2020 & 2021
 - Can't use same wages for both benefits







2021 PPP

- 1st Initial Draw

 For those who did not apply in 2020
- Recalculated 1st Draw
 Applied in 2020, now qualify for more
- ☐ 2nd Draw

Have received 1st draw and have **25% less** gross receipts in 2020 vs 2019





2021 PPP

- Unique calculation for Individuals that file Schedule F
 - Can use 2019 or 2020 gross income
 - Prior rules required use of net income
- Tax rules clarified PPP proceeds not taxable, expenses remain deductible





Payroll Tax Credits

Sick & Family Leave Credit

For wages paid due to employee unable to work while caring for them or others, up to \$511 per day tax credit

Employee Retention Credit

If 2020 gross receipts **dropped 50%**, up to \$5,000 per employee tax credit







PPP Certifications

- Current economic uncertainty makes
 loan necessary to support ongoing operations
- In operation on February 15, 2020
- Not permanently closed
- U.S. principal place of residence for all employees





Farm & Ranch PPP Loan

Loan amount based on 2019 or 2020 Form 1040
 Schedule F gross receipts (max \$100,000)

Max loan amount \$20,833

Allows 2019 Schedule F losses to apply

Allows 2019 Schedule F net <\$100,000 to reapply





Initial and Recalculated Draw

- Can use farmer rules
- Maximum for self employed person is \$20,833
- If forgiveness is completed, not eligible for recalculated draw
- Recalculated draw covered period begins date of original disbursement





2nd Draw PPP Loan

- 2020 gross receipts must be 25% lower than 2019 in any 1 matching quarter
- Loan amount equal to 2020 PPP loan
 - Perhaps more if 2020 payroll higher
- Received 1st Draw PPP & before 2nd Draw PPP is disbursed, will have used the full amount for eligible expenses (2483 SD certifications)







Calculating Gross Receipts

5. Question: If I use my entity's annual income tax returns to demonstrate a gross receipts reduction of at least 25 percent, what amounts do I use to calculate gross receipts?

Answer: The amounts required to compute gross receipts varies by the entity tax return type:⁴

- For self-employed individuals other than farmers and ranchers (IRS Form 1040 Schedule C): sum of line 4 and line 7⁵
- For self-employed farmers and ranchers (IRS Form 1040 Schedule F): sum of lines 1b and 9
- For partnerships (IRS Form 1065): sum of lines 2 and 8, minus line 6
- For S-Corporations (IRS Form 1120-S): sum of lines 2 and 6, minus line 4
- For C-Corporations (IRS Form 1120): sum of lines 2 and 11, minus the sum of lines 8 and 9
- For nonprofit organizations (IRS Form 990): the sum of lines 6b(i), 6b(ii), 7b(i), 7b(ii), 8b, 9b, 10b, and 12 (column (A)) of Part VIII
- For nonprofit organizations (IRS Form 990-EZ): sum of lines 5b, 6c, 7b, and 9 of Part I.
- LLCs should follow the instructions that apply to their tax filing status in the reference periods.

Partnership PPP Loan

 Initial draw for net self employment income if not done in 2020

- Cannot use gross farm income
- Potential for 2nd draw on SE income and payroll
- Partnership must apply, not partners





PPP Loan Applications

- •SBA 2483
 - Initial or Recalculated Draw
- SBA 2483 SD
 - Second Draw



Paycheck Protection Program Borrower Application Form Revised January 8, 2021

By Signing Below, You Make the Following Representations, Authorizations, and Certifications Legrify that:

- I have read the statements included in this form, including the Statements Required by Law and Executive Orders, and I understand them.
- The Applicant is eligible to receive a loan under the rules in effect at the time this application is submitted that have been issued by the Small Business Administration (SBA) and the Department of the Treasury (Treasury) implementing the Paycheck Protection Program under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the Paycheck Protection Program Rules).
- The Applicant, together with its affiliates (if applicable), (1) is an independent contractor, self-employed individual, or sole proprietor with no employees; (2) if not a housing cooperative, eligible 501(c)(6) organization, or eligible destination marketing organization, employs no more than the greater of 500 employees or, if applicable, the size standard in number of employees established by SBA in 13 C.F.R. 121.201 for the Applicant's industry; (3) if a housing cooperative, eligible 501(c)(6) organization, or eligible destination marketing organization, employs no more than 300 employees; (4) if NAICS 72, employs no more than 500 employees per physical location; (5) if a news organization that is majority owned or controlled by a NAICS code 511110 or 5151 business or the standard of the standard or business under NAICS code 511110

dcasting entity with a trade or business under NAICS code 511110 1 in number of employees established by SBA in 13 C.F.R. 121.201 applicable revenue-based size standard established by SBA in 13

this form

the loan application and consistent with the Paycheck Protection ivities and expenditures. If Applicant is a news organization that all Businesses, Nonprofits, and Venues Act, proceeds of the loan oduces or distributes locally focused or emergency information. In-made equipment and products.

ocal law.

ss Act) between January 31, 2020 and April 3, 2020 was for a be Paycheck Protection Program Rules.

ation about me from criminal justice agencies for the purpose of

by initialing next to each one:

closed, and was either an eligible self-employed individual, s for whom it paid salaries and payroll taxes or paid independent

going operations of the Applicant.

ents for mortgage interest, rent, utilities, covered operations orker protection expenditures as specified under the Paycheck unauthorized purposes, the federal government may hold me

roll costs, covered mortgage interest payments, covered rent iamage costs, covered supplier costs, and covered worker non-payroll costs. If required, the Applicant will provide to employees on the Applicant's payroll as well as the dollar

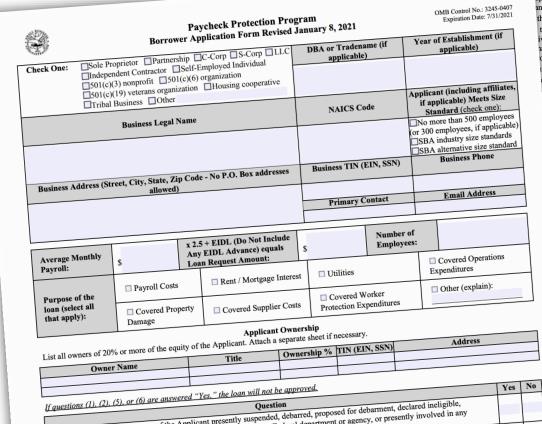
on Program, section 7(a)(36) of the Small Business Act (15 loans, section 7(a)(37) of the Small Business Act (15 U.S.C.

3A

r of Congress, or the spouse of such person as determined est in the Applicant, with such terms having the meanings ts, and Venues Act.

red as a national securities exchange under section 6 of the

rovided in all supporting documents and forms is true and to obtain a guaranteed loan from SBA is punishable under ve years and/or a fine of up to \$250,000; under 15 U.S.C. and, if submitted to a federally insured institution, under than \$1,000,000.



Farm PPP Example

2019 Sch F

Net Loss \$ 15,000

Gross Receipts \$ 65,000

2020 PPP =
$$$0$$

65,000 / 12 * 2.5







Farm PPP Example

2019 Sch F

Net Loss \$ 15,000

Gross Receipts \$165,000

2020 PPP = \$0

2021 PPP = \$20,833

100,000 / 12 * 2.5







Farm PPP Example

2019 Sch F

Net Income **\$ 25,000**Gross Receipts **\$ 215,000**







Employee Retention Credit

- Eligibility for 2020 modified
- Computations for 2021 enhanced
- 2020 -- \$5000 max credit per employee per YR
- 2021 -- \$7000 max credit per employee per Quarter
- Must have reduction in gross receipts
 - -50% for 2020 credit
 - -20% for 2021 credit







Employee Retention Credit

Eligible in 2020 Q3

50% Less gross receipts than 2019 Q3

Q3 Data:	Payroll	ERC
Stan the Man	\$12,000	\$ 5,000
Wilt the Stilt	\$ 6,000	\$ 3,000
Broadway Joe	\$ 2,000	\$ 1,000
Total	\$20,000	\$ 9,000







Gross

Receipts

Analysis

Analysis of Gross Receipts

Farmer Bob			
Schedule F			
	2019	2020	20 v 19
Q1	6213	18075	291%
Q2	4594	2855	62%
Q3	13731	10614	77%
Q4	44507	20037	45%
Total	69045	51581	

Farmer PPP 14384

2nd Draw PPP

Must be 75% or less in any quarter for 2nd Draw PPP
For 2nd PPP, must have received a PPP in 2020 and used all proceeds properly

Employee Retention Credit

Must be 50% or less in each quarter for ERC....then:

From the quarter with 50% drop, every subsequent quarter is an eligible quarter until the end of the first quarter in which gross receipts exceed 80%.



Gross Receipts Analysis

Analysis of Gross Receipts

Farmer Kristine			
Schedule F			
	2019	2020	20 v 19
Q1	215839	295682	137%
Q2	994555	490277	49%
Q3	696445	546142	78%
Q4	47552	490277	1031%
Total	1954391	1822378	

Farmer PPP 20833

2nd Draw PPP

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Employee Retention Credit

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From the quarter with 50% drop, every subsequent quarter is an eligible quarter until the end of the first quarter in which gross receipts exceed 80%.



Current Issues

NCAIS codes may limit funding

111100 for grain farms on Sch F

Forgiveness of 1st draw farmer PPP

CAA uses 12/27, other guidance has no date

8 week covered period after 1st Draw

Makes almost impossible for both draws

Are 4797 gains in gross receipts

Only capital gains excluded or also ordinary







Forgiveness Application 3508S



OMB Control No.: 3245-0407 Expiration Date: 7/31/2021

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Paycheck Protection Program

PPP Loan Forgiveness Application Form 3508S Revised January 19, 2021

A BORROWER MAY USE THIS FORM ONLY IF THE BORROWER RECEIVED A PPP LOAN OF \$150,000 OR LESS

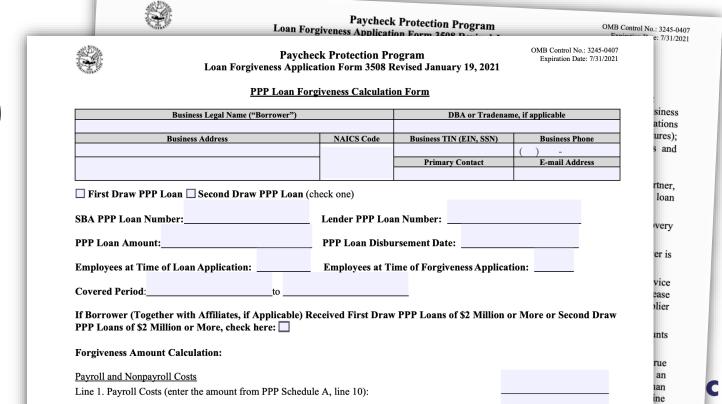
Business Legai Name ("Borrower")		DBA or Tradename, if applicable			
	Business Address		NAICS Code	Business TIN (EIN, SSN)	Business Phone
					() -
				Primary Contact	E-mail Address
☐ First Drav	v PPP Loan 🗌 Second Draw	PPP Loan (chec	ck one)		
SBA PPP Loan Number:		Lender PPI	Lender PPP Loan Number:		
PPP Loan Ai	nount:		PPP Loan Disbursement Date:		
Employees at	Time of Loan Application:		Employees at Time of Forgiveness Application:		
Covered Peri	od:	to			
If Borrower (Together with Affiliates, if Applicable) Received First Draw PPP Loans of \$2 Million or More or Second Draw PPP Loans of \$2 Million or More, Check Here:					
Amount of L	oan Spent on Payroll Costs:		Requested 1	Loan Forgiveness Amoun	t:
By Signing B	elow, You Make the Followin	ng Representatio	ns and Certific	ations on Behalf of the Bo	orrower:
The Authorize	ed Representative of the Borro	wer certifies to all	of the below by	y initialing next to each on	e.
(7) of	e Borrower has complied with (a)(37), and 7A of the Small E this application), including the eligible uses of PPP loan the amount of PPP loan the calculation and docuent the calculation of the Borrmation regarding these requipers Rules.	susiness Act, the Ist rules related to: a proceeds; proceeds that must mentation of the proceer's Request	PPP interim fina st be used for pa Borrower's reve ed Loan Forgiv	Il rules, and guidance issued ayroll costs; enue reduction (if applicable eness Amount.	d by SBA through the date e); and
a f	e information provided in this a alse statement to obtain forgiv d 3571 by imprisonment of a prisonment of not more than t	eness of an SBA- not more than five	guaranteed loan ve years and/or	is punishable under the law a fine of up to \$250,000	w, including 18 U.S.C. 1001 0; under 15 U.S.C. 645 by

institution, under 18 U.S.C. 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.



Forgiveness Application 3508S

- Will need 1 application for Initial Draw
- Will need separate application for Second Draw
- For loansgreater than \$150,000
 - **-**3508 EZ
 - **-**3508



Illinois Farm Business Farm Management (FBFM)

Find out more at FBFM.org

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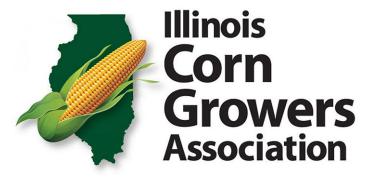
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Upcoming Webinars

Commodity Title Choices in 2021

11:00 to noon CT, Thursday February 4th

Farmers and landowners will again have the opportunity to change commodity title choices between Agricultural Risk Coverage and Price Loss Coverage for the 2021 crop year. The deadline for the decision in March 15, 2021. This webinar will discuss these alternatives.

ECO and Crop Insurance

11:00 to noon CT, Thursday February 11th

Most farmers in the Midwest insure corn and soybeans with Revenue Protection (RP). This year, a new county-level product can be added on top of RP and other products called Enhanced Coverage Option (ECO). This webinar will discuss the crop insurance decisions, in general, and ECO in particular.

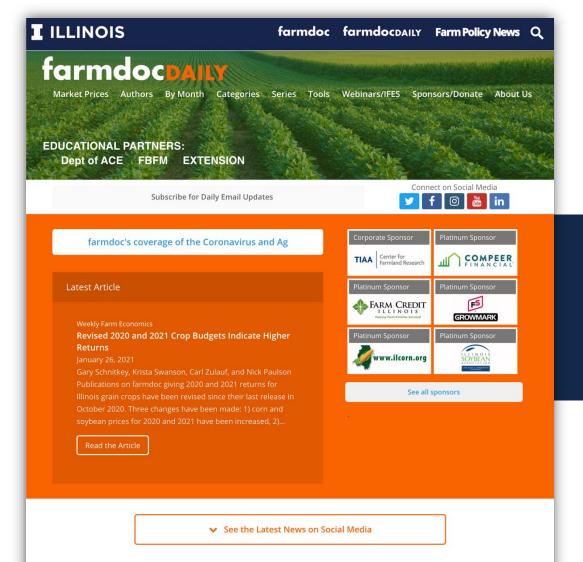






Thank You for joining us! Please submit your questions





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