

We probably had you at martinis!

Some holiday cheer in the form of money in this email blast. Congress recently passed a series of bills stacked up like a nice club sandwich. It includes things like more direct payments, extended unemployment subsidies, rental assistance, among a zillion other things.

Two things popped out to us right away-

First, **PPP loans are now tax-free**. Previously WCG correctly reported that expenses paid with PPP funds would not be deductible. This is a long-standing IRS and accounting principle called lacking "tax basis" in the expense. However, on page 2008 of the 5593 pages of pure pleasure, Congress legislated a specific exemption for PPP and EIDL.

This is a major swing in tax planning... a \$50,000 loan at 22% is a \$11,000 reduction in tax due. There are some technical nuts and bolts for pass-through entities such as S Corps and Partnerships, but basically business owners dodged a big tax bill. In other words, they have more dollar dollar bills yo!

States might differ in terms of PPP and EIDL income tax treatments.

Second, the three martini lunch is back. Well, it never left... but starting Jan 1, 2021 (yeah, next year) and for two years ending Dec 31, 2022, **business meals are 100% deductible** (versus the traditional 50%). Extra cheese on everyone's whopper! This little chicken nugget was found on page 4946. Fast food and martinis... yum!

Want to read more? Can't get enough? Here is the 29-page summary-

<https://wcginc.com/wp-content/documents/email-blasts/SummaryofCoronavirusReliefProvisions122020.pdf>

And the 5593-page verbosity-

<https://wcginc.com/wp-content/documents/email-blasts/FullTextofCoronavirusAidBill122020.pdf>

Have an amazing day! Watch Die Hard again (which is the best Christmas movie ever)... "now I have a machine gun... ho ho ho." Is it just us, or should they have created the best bad guy award and given it to Alan Rickman as Hans Gruber? We digress...

Warm Regards,

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