



YOUR PRACTICE

COVID Relief: The Hidden Tax Treasures

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Editor's Note: This is the most current information as of press time. Due to the rapidly changing COVID climate and the potential for additional relief legislation to be considered, the following may not reflect additional benefits.

With great anticipation, chiropractors across the country were looking for additional financial help from Congress as 2020 came to a close. It was with a sigh of relief that at the last minute, Congress finally delivered the second draw of the Paycheck Protection Program (PPP) with President Trump's signature on Dec. 28, right as the next wave of COVID-19 began moving across the United States.

Here are the hidden treasures that matter to chiropractors in Section 207 of the Coronavirus Relief & Budget Omnibus Agreement (Consolidated Appropriations Act, 2021).

Employee Retention Tax Credit (ERTC)



Section 206 applies to 2020 and Section 207 applies to 2021. Originally part of the CARES Act, it prevented those who received the first round of PPP funding from using this significant tax credit. But now that has all changed and chiropractors can take both the PPP and ERTC. The facts about this remarkable benefit are:

- It is considered a refundable payroll tax credit, which is *not taxable*.
- Under the CARES Act, the ERTC only applied to wages paid after March 12, 2020, and before Jan. 1, 2021 (Section 206). The ERTC period is now extended from *Dec. 31, 2020 to June 30, 2021*.
- The new credit (Section 207) changes are only applicable from Jan. 1, 2021 to June 30, 2021.

Expanded Employee Credit Amount

- The 50 percent of wages paid per employee has now been expanded to *70 percent* of wages per employee.
- Maximum of \$10,000 in wages annually per employee is now \$10,000 max in wages *quarterly* per employee.
- Maximum credit of \$5,000 per employee annually is now *\$7,000* per employee *per quarter* or \$14,000 total (2021 Q1 and Q2).

Eligibility Criteria

Under Section 207, a chiropractor needs to prove their business passes one of these two tests:

- Test 1: shut down by the government (fully or partially); or
- Test 2: experienced a large drop in YoY gross receipts (only *20 percent* for ERTC Section 207 compared to 50 percent for ERTC Section 206).

Be sure to have a conversation with your CPA, or send me an email at

DonR@quartermastertax.com for additional information or a complimentary analysis of how your

practice can take advantage of these hidden treasures.

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