

**Nonprofit Provisions in COVID Relief Legislation  
An Analysis by the National Council of Nonprofits**

December 21, 2020

*Note: The legislation runs 5,593 pages. This chart provides page numbers for deeper analysis on issues important to nonprofits.*

ISSUE	COVID RELIEF LEGISLATION
<b>Tax Provisions</b>	
<p><b>Unemployment Insurance &amp; Self-Insured Employers</b></p> <p><b>Nonprofit Ask:</b> Extension into 2021 and 100% federal coverage</p>	<ul style="list-style-type: none"> <li>• Extends the 50% federal coverage of the costs of self-insured “reimbursable” employers until March 14, 2021. (Section 202, page 1933)</li> </ul>
<p><b>Charitable Giving Incentives</b></p> <p><b>Nonprofit Ask:</b> Increase cap of the above-the-line deduction and extend it and other charitable giving incentives through 2021</p>	<ul style="list-style-type: none"> <li>• Reestablishes the \$300 above-the-line deduction for 2021 and permits a \$600 deduction for couples filing jointly in 2021; imposes a penalty for overstating contributions. (Section 212, page 2481 [p. 4948])</li> <li>• Extends for one year the increased limits on deductible charitable contributions for individuals who itemize and for corporations. (Section 213, page 2483 [p. 4951])</li> </ul>
<p><b>Employee Retention Tax Credit (ERTC)</b></p> <p><b>Nonprofit Ask:</b> Expand the Employee Retention Tax Credit to help nonprofits retain employees, scale service delivery, and create new jobs</p>	<ul style="list-style-type: none"> <li>• Extends the Employee Retention Tax Credit through July 1, 2021.</li> <li>• Improves the refundable payroll tax credit by reducing the amount of required year-over-year decline in gross receipts from 50% to 20% while increasing the credit from 50% to 70% of workers’ “creditable wages” of up to \$10,000 for each of two quarters, for a maximum per worker benefit of \$14,000</li> <li>• Expands full benefit to all employees of employers with 500 or fewer employees; larger employers can apply the credit only to workers who are paid but are not working</li> <li>• Provides that employers who receive Paycheck Protection Program (PPP) loans may still qualify for the ERTC with respect to wages that are not paid for with forgiven PPP proceeds</li> </ul> <p>(Sections 206 &amp; 207, pages 2460-2476 [p. 4927-4944])</p>
<b>Paid Sick Leave</b>	<ul style="list-style-type: none"> <li>• Extends the refundable payroll tax credits for paid sick and family leave that were established in the Families First Coronavirus Response Act, through March 31, 2021 (Section 286, pages 110-114 [2033-2037])</li> <li>• Extends through 2025 the 12.5% tax credit for paid family and medical leave originally enacted in the 2017 tax law (Sec. 119, page 2438)</li> </ul>

<b>Loan Programs</b>	
<b>Funding</b>	<ul style="list-style-type: none"> <li>• \$284 billion to SBA for Paycheck Protection Program (PPP), \$20 billion for EIDL grants, \$15 billion in dedicated funding for shuttered venues</li> </ul>
<b>PPP Eligibility</b> <b>Nonprofit Ask:</b> Extend eligibility of PPP to nonprofits of all sizes and lift the loan cap to appropriately reflect the operational needs of these nonprofits.	<ul style="list-style-type: none"> <li>• Expands to include 501(c)(6) organizations <b>but not</b> to 501(c)(3) organizations with more than 500 employees. (Section 318, page 177-182 [2100-2105])</li> </ul>
<b>PPP Loan Forgiveness</b>	<ul style="list-style-type: none"> <li>• Expands forgivable expenses to include personal protective equipment, covered supplier costs, facilities modifications, covered worker protection expenditures. (Section 304, pages 120-129 [p. 2043-2052])</li> <li>• Simplifies the forgiveness application process for smaller loans up to \$150,000 by allowing them to attest on a one-page form that they complied with the terms of the CARES Act PPP provisions. (Section 307, pages 132-138 [p. 2055-2061])</li> <li>• Provides for improved coordination with ERTC (page 2462 [p. 4929])</li> </ul>
<b>PPP Second Draw</b>	<ul style="list-style-type: none"> <li>• Available to employers that: <ul style="list-style-type: none"> <li>○ Employ 300 or fewer employees, and</li> <li>○ Demonstrate at least a 25% reduction in gross revenues between same quarters in 2020 and 2019; nonprofit “gross receipts” defined under Section 6033 of Internal Revenue Code</li> </ul> </li> <li>• Maximum loan amount: \$2 million (Section 311, pages 141-160 [p. 2064-2083])</li> </ul>
<b>Deductibility by For-Profit Entities</b>	<ul style="list-style-type: none"> <li>• Allows for-profit borrowers to receive tax-free loan forgiveness and deduct from income taxes the business expenses covered by the loan (Section 276, page 81-83 [p. 2004-2006])</li> </ul>
<b>Economic Injury Disaster Loan (EIDL)</b> <b>Nonprofit Ask:</b> Restore the statutory cap on loans to \$2 million, allow existing borrowers to modify loans and apply for funds up to cap.	<ul style="list-style-type: none"> <li>• Targets a new round of EIDL advances for small employers located in low-income communities, have suffered economic loss of greater than 30%, and employ 300 or fewer employees. (Section 331, pages 261-266 [2184-2190])</li> <li>• Extends emergency EIDL grants through December 31, 2021 (Section 332, pages 267-270 [p. 2191-2193])</li> <li>• Repeals EIDL Advance Reduction that occurred when borrowers sought PPP loan forgiveness (Section 333, pages 270-271 [2193-2194])</li> </ul>
<b>Save Our Stages</b>	<ul style="list-style-type: none"> <li>• Provides grants for performance venues, independent movie theaters, and cultural institutions (Section 324, pages 201-230 [p. 2124-2153])</li> </ul>
<b>Other Provisions</b>	
<b>Coronavirus Relief Fund</b>	<ul style="list-style-type: none"> <li>• Extends deadline for states to spend CRF monies through December 31, 2021 (Section 1001, page 536 [2459])</li> </ul>