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YourFuture Planning Partners

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YourFuture Business Newsletter

Employee retention credit available for businesses affected by COVID-19

Amount of credit is 50% of qualifying wages up to \$10,000 annually. Max credit for an employee is \$5,000/ year.

Eligible wages paid between March 12, 2020, and January 1, 2021.

Wages not limited to cash payments and includes portion of employer health care costs.

The employee retention credit is designed to encourage businesses to keep employees on their payroll. *Eligible employers operate a business and experienced:*

- Fully or partially suspended operations because of a government order due to COVID-19.
- A significant decline in gross receipts in a calendar quarter when compared to 2019.

Qualified wages are based on the business's average number of full-time employees in 2019.

- Small employers, those that had 100 or fewer employees, may receive the credit for wages paid to employees whether or not they are providing services to the employer.
- Large employers, those that had more than 100 employees, may only receive the credit for wages paid to employees for time the employees are not providing services to the employer.

If an employer is eligible due to a full or partial suspension of operations, only wages paid while operations are suspended count as qualified wages. Employers must report their qualified wages on their federal employment tax returns. They can reduce their required deposits of payroll taxes withheld from employees' wages by the amount of the credit. They can also request an advance of the employee retention credit. Eligible employers may use the employee retention credit with other relief such as, payroll tax deferral which may affect deposits and advances.

Cite: IRS COVID Tax Tip 2020-58, May 19, 2020

IRS Provides the 2021 Inflation Adjusted Amounts for Health Savings accounts (HSAs)

The IRS recently issued the 2021 inflation adjusted amounts for Health Savings Accounts (HSAs) as determined under the Internal Revenue Code.

2021 Inflation Adjusted Items

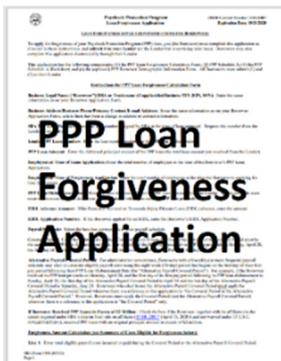
For calendar year 2021, annual contribution limitation on deductions for an individual with self-only coverage under a high deductible health plan is \$3,600.

The annual limitation on deductions for an individual with family coverage under a high deductible health plan is \$7,200.

A "high deductible health plan" has an annual deductible that is not less than \$1,400 for self-only coverage or \$2,800 for family coverage, and the annual out-of-pocket expenses do not exceed \$7,000 for self-only coverage or \$14,000 for family coverage.

Cite: IRS Guidewire, RP-2020-32, May 20, 2020

[SBA and Treasury Release Paycheck Protection Program Loan Forgiveness Application](#)



Recently, the Small Business Administration (SBA), in consultation with the Department of the Treasury, released the Paycheck Protection Program (PPP) Loan Forgiveness Application and detailed instructions for the application.

The form and instructions inform borrowers how to apply for forgiveness of their PPP loans, consistent with the CARES Act. SBA will also soon issue regulations and guidance to further assist borrowers as they complete their applications, and to provide lenders with guidance on their responsibilities. The documents released will help small businesses seek forgiveness at the conclusion of the eight-week covered period, which begins with the disbursement of their loans. The form and instructions include several measures to reduce compliance burdens and simplify the process for borrowers. [Click here](#) for instructions and the Application for Paycheck

Protection Program Loan Forgiveness.

Cite: SBA Newsroom, Press Release 20-41, May 15, 2020

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