



Covid-19 Resources

FAQs – December 18, 2020

Getting you the answers to the many questions related to Covid-19 and its impact to you is our first priority. Things continue to evolve and change very rapidly, but please know that our team is working as quickly as possible to understand all that is taking place and going to the source for the answers. Our goal is to get you answers and information that is in **your** best interest and not get waylaid with distractions. Below are the most recent questions we have been fielding.

Q1. What do I do if I received additional funds from the HHS Provider Relief Fund?

Many practices are beginning to receive Phase 3 add-on payments from the HHS. As a reminder, these payments are meant to cover your unreimbursed coronavirus related expenses plus any lost revenues this year compared to last. If you received more than \$10,000 in aggregate, you are required to report your use of funds starting on January 15th and due by February 15th.

Following are links to the reporting requirements and a list of the allowable expenses:

<https://www.hhs.gov/sites/default/files/post-payment-notice-of-reporting-requirements-november-2020.pdf>

<https://www.hhs.gov/sites/default/files/allowable-expenses-one-pager.pdf?language=en>

Be sure to review the requirements and ensure that any funds not used for qualified expenses will be offset by a drop in your patient fees compared to last year (if applicable to your practice). If not, you have 90 days to return your phase 3 funds, otherwise you will have until July 31, 2021 to spend any unused funds for qualified expenses and report once more. Any excess funds will need to be returned at that time.

As a reminder, HHS Provider Relief Funds are considered taxable income. You should set aside approximately 30% - 35% for taxes in addition to any tax projection numbers we may have already communicated. **Note:** The new HHS guidance, considers taxes imposed on the Provider Relief Fund payments to be an eligible use of these funds.

<https://www.hhs.gov/coronavirus/cares-act-provider-relief-fund/faqs/provider-relief-fund-general-info/index.html#use-of-funds>

Finally, if you don't believe you will be able to spend this latest round of funding according to the requirements, you might consider returning the funds before December 31, 2020 to avoid paying tax on the receipt of said funds in 2020.

Q2. What is the status of tax deductibility of Forgiven PPP Expenditures?

Congressional intent in writing the PPP Portion of the CARES Act seemed clear. Normally a forgiven loan represents taxable income under US Tax Law. However, Congress added a caveat to the Act that stated that PPP loan forgiveness was exempt from that general rule.

Then the Internal Revenue Service determined that the expenditures would not be deductible under another US Tax Law Principal – essentially guaranteeing the very result that Congress intended to be avoided.

We have been waiting months for Congress to pass Stimulus 3 – in which Congress has indicated strongly that the IRS position would be overturned and PPP Forgiveness expenditures would be fully tax deductible. This week a new and revised stimulus bill was put forward and may even be passed this weekend. By all accounts the expectation is that the bill will contain the override of the Internal Revenue Service position and make forgiven expenses tax deductible. So, cross your fingers but do not hold your breath – this is Congress we are talking about!

Dental Group, LLC - We continue to work both in the office and remotely. Our meetings will be done via teleconference and or online collaboration. If you plan to drop off documents, please call ahead to coordinate a time when we will be in the office as there is no safe place to leave documents at the door.

If you have any questions, please do not hesitate to contact us directly at (425) 216-1612.