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# Hughes Hubbard & Reed

## Pandemic Economic Stimulus: Legislative and Regulatory Developments as of April 23, 2021

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**April 23, 2021** – This week the Treasury Department announced a safe harbor for the deduction of expenses covered by first-round Paycheck Protection Program loans and the details of a tax credit for paid leave provided to employees receiving COVID-19 vaccinations. The Small Business Administration announced details of its Restaurant Revitalization Fund, which is due to launch shortly. There were no fiscal stimulus legislative proposals of note this week.

### **Regulatory Developments Relating to the Pandemic**

#### **Treasury Department Provides Deduction Safe Harbor for Expenses Covered by First-Round Paycheck Protection Program Loans**

On April 22, the Treasury Department issued Revenue Procedure 2021-20 for certain businesses that received first-round Paycheck Protection Program (PPP) loans but did not deduct any of the original eligible expenses because they relied on guidance issued before the enactment of tax relief legislation in December of 2020. Under prior Department of Treasury guidance, businesses that received PPP loans to cover payroll costs, interest on covered mortgage obligations, covered rent obligation payments, and covered utility payments could not deduct corresponding expenses. With the December 27, 2020 enactment of the Consolidated Appropriations Act of 2021, businesses now may claim these deductions even though they received PPP loans to cover original eligible expenses. These businesses can use the safe harbor to deduct those expenses on the return for the immediately subsequent year.

- [Press release](#)
- [Revenue Procedure 2021-20](#)

#### **Small Business Tax Credits for Employee Vaccination Paid Leave**

On April 21, the Treasury Department announced details of tax credits available under the American Rescue Plan Act of 2021 to help small businesses, including providing paid leave for employees receiving COVID-19 vaccinations. Eligible employers, such as businesses and tax-exempt organizations with fewer than 500 employees and certain governmental employers, can receive a tax credit for providing paid time off for each employee receiving the vaccine and for any time needed to recover from the vaccine.

- [Press release](#)

### **SBA Launches Restaurant Revitalization Fund**

On April 19, the Small Business Administration (SBA) announced key details of a \$28.6 billion Restaurant Revitalization Fund (RRF), including application and eligibility requirements and a program guide. The RRF was established by the American Rescue Plan Act of 2021 to provide funds to restaurants, bars and other eligible businesses that have experienced significant loss of revenue due to the pandemic. The program will provide recipients with funding equal to their pandemic-related revenue loss up to \$10 million per business and no more than \$5 million per physical location. Recipients are not required to repay the funding as long as the funds are used for eligible expenses no later than March 11, 2023. The SBA said that it would launch a seven-day pilot program over the next two weeks, after which an official launch would open the program to the public at large.

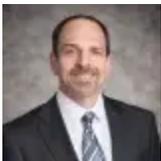
- [Press release](#)
- [RRF home page](#)

### **Fiscal Stimulus Legislative Proposals**

There were no fiscal stimulus legislative proposals of note this week.

[Click here to go to our COVID-19 Resource Center for more advisories, articles and other content related to the coronavirus pandemic.](#)

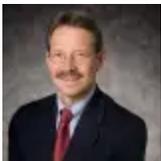
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