

WE WILL BEGIN IN A MOMENT



**UPPER
MIDWEST
CHAPTER**

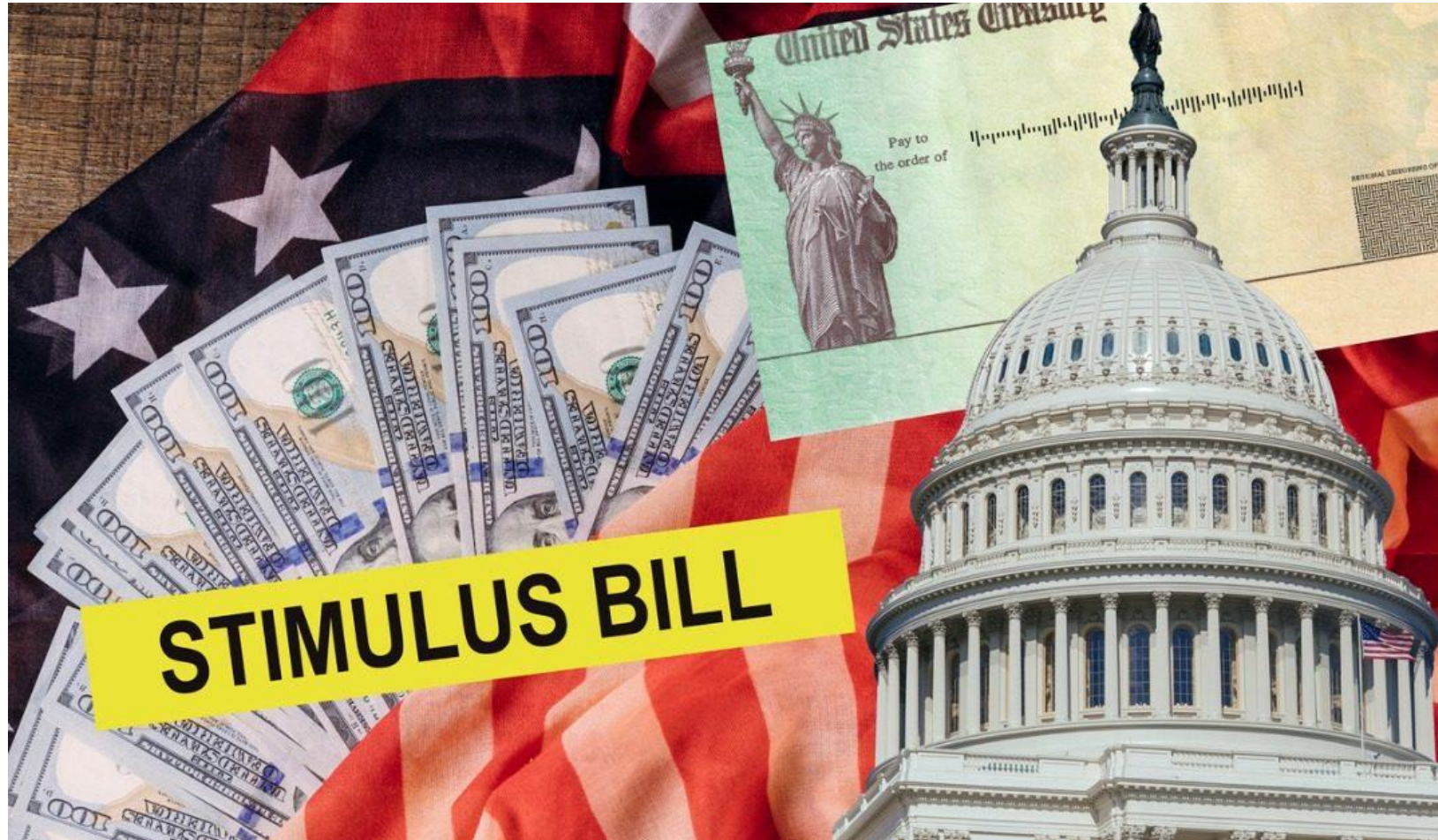
CLUB MANAGEMENT
ASSOCIATION OF AMERICA



**WISCONSIN
BADGER
CHAPTER**

CLUB MANAGEMENT
ASSOCIATION OF AMERICA

The American Rescue Plan



Private Club Consultants

- PCC was created to provide in-depth legal and operational answers for the club industry
- Our mission is simple:
 - To help you implement new legislative and regulatory requirements – with minimal impact to your club’s bottom line, and
 - To help you minimize legal liability and keep your club’s private and tax-exempt status intact – without sacrificing your strategic goals
- We are “Your Trusted Source for Answers”



PPP and 501(c)(7) Clubs

- ARP makes 501(c)s eligible for the PPP, BUT it simultaneously excludes private clubs
 - The legislation specifically references SBA's regulation under 13 CFR 120.110
 - That regulation makes 18 business types ineligible for any SBA loan
 - The law also removes 2 of those business types from the reg. and makes them eligible – but not us
 - 13 CFR 120.110(i) deals with private clubs
 - “Private clubs which limit the number of memberships for reasons other than capacity”
 - If your bylaws have a capacity limit and you've never rejected anyone for any other reason....
 - If you're a gated community club with limited lots (capacity), no nonresident members and never rejected anyone for any other reason....
 - SBA will likely focus on the fact that a private club still has a right to reject someone
- Other PPP factors to consider
 - The club's leadership must attest on the PPP application that the club needs the money
 - PPP funds used for wages won't be forgiven if you take the ERC – one or the other



Employee Retention Tax Credit

- Tax credit is extended until 12/31/21
 - A club is eligible if:
 - It's subject to a full or partial shutdown order from the government
 - Order must have more than a “nominal effect” on operations – at least a 10% reduction in services
 - Order must impact more than a “nominal part” of the club – if it does at least 10% of gross receipts or has 10% of employee hours, then it is more than a nominal part of the club
 - OR
 - Its gross receipts dropped more than 20% in a Q compared to a Q in 2019
 - You may use the current or preceding Q and compare it to the same one from 2019
- Tax credit based on “Qualified Wages”
 - Clubs w/ 500 or < FTers in '19, qualified wages are those paid to a worker, whether working or not
- Qualified wages capped at \$10K/employee/Q
 - Can include health ins. costs (even if he's laid-off) – follow IRS formula
- Credit is 70% of qualified wages – so up to \$7K/employee/Q
- Credit stops day order is lifted if club can't qualify under reduced gross receipts option



Paid Sick Leave/Paid Family & Medical Leave

- Club no longer required to offer either, but will get the tax credit if it does
 - Paid Sick Leave reset to up to 80 hrs. (or what he averages over 2 weeks) if he can't work or telework
 - Same qualifying reasons for the leave PLUS if he's seeking/awaiting test results when he's been exposed or club requests it and if he's getting/recovering from vaccine
 - Still gets full pay for the hours he normally works – capped at \$511/day or \$5,110 total
 - Still gets 2/3rds pay – capped at \$200/day or \$2,000 total – if he's caring for someone subject/advised to quarantine or because his child's school/place of care is closed
 - Paid Family & Medical Leave reset up to 12 weeks if he can't work or telework
 - Now includes ALL of the Paid Sick Leave qualifying reasons for leave
 - Still only 2/3rds his normal pay – capped at \$200/day or \$12,000 total
 - Full 12 weeks of pay – not split 2 under Paid Sick Leave and 10 under Paid FML
- Effectively 14 weeks of Paid Sick Leave and Paid Family & Medical Leave
- These changes take effect 4/1/21 and end 9/30/21



COBRA Subsidies

- Fired employees or those with reduced hrs. (losing them ins.) get COBRA paid by club
 - Club covers 100% of the COBRA premium and gets a 100% tax credit
 - Subsidy is available from 4/1 – 9/30 and open to:
 - Those who become eligible for COBRA during this timeframe;
 - Those who are on COBRA and are still within their coverage period during this timeframe;
 - Those who were eligible for COBRA but declined or dropped and are still within their coverage period during this timeframe
 - New notice requirements to ensure current employees and former employees (who may have declined or dropped COBRA) can be told of this benefit
 - DOL's model notices can be found here – <https://www.dol.gov/agencies/ebsa/laws-and-regulations/laws/cobra/premium-subsidy>
 - Your COBRA administrator should have a handle on this, too.
 - Subsidy expires 9/30 or when employee's coverage period ends or when he gets other ins.



Other Benefits

- Economic Injury Disaster Loans - \$15B infusion
 - 501(c)(7)s are eligible for these loans, which are available thru 12/31/21
 - Clubs can receive an \$10,000 emergency grant for payroll – does not need to be repaid
- Federal government provides new UI benefits
 - Adds additional weeks for eligibility (53 total) & \$300/week ending on or before 9/6/21
 - Must be laid-off due to COVID-19 order or other direct result of the outbreak
- Stimulus checks
 - Most of your employees will receive another round of stimulus checks – up to \$1,400/person
- Deductibility of business meals
 - Full deductibility of business meals during 2021 and 2022
 - Of course, most club members should not be using the club for business purposes because such use can impact the club's private and tax-exempt status
 - So, it should not be encouraged



The American Jobs Plan



Tax Hikes Coming

- Infrastructure bill will have tax hikes
 - Reconciliation will likely be used again
 - Top rate will jump to 39.6% and cap. gains income will be taxed at the individual's rate
 - Income above \$400K will be subject to the 6.2% S.S. tax with caps and new limits on deductions
 - The top corp. rate will jump to 28% (25%?) – the American Jobs Plan
 - If Sen. Maj. Leader Schumer (D-N.Y.) amends the FY21 budget bill, these tax hikes come in '21
 - If not, then early '22
 - Silver lining - Full SALT deduction may return



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Your Trusted Source for Answers

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