



## S Corporation Association Update

January 19, 2021

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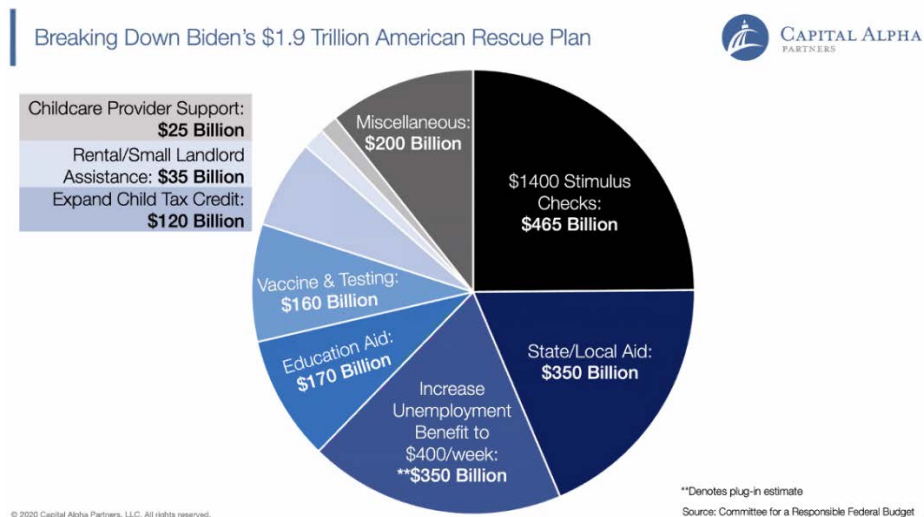
#### 1. Covid Relief Plan

Alex Ford, [AFord@S-corp.org](mailto:AFord@S-corp.org)

President-elect Joseph Biden recently unveiled his coronavirus relief proposal, a \$1.9 trillion package that builds on several measures passed throughout 2020. It also includes a number of provisions that Democrats have called for in past negotiations, including stimulus checks, enhanced federal unemployment benefits, state and local government aid, expansion of the child tax credit, and even a minimum wage hike.

Outlook for the package is uncertain. Quick adoption would require 60 votes, which isn't likely without significant changes. If a package does pass in the next two months, it will likely be slimmer than what Biden proposed last week.

Our friends at Capital Alpha Group put together a great chart that breaks down where the money would go:



## 2. Final Excess Compensation Rules Issued

Alex Ford, [AFord@S-corp.org](mailto:AFord@S-corp.org)

The IRS released guidance last week around the excise tax applied to certain compensation in excess of \$1 million. The final rules ([TD 9938](#)) were issued under IRC §4960, which was added to the tax code as part of the Tax Cuts and Jobs Act.

As S-Corp readers know, Section 4960 targets big non-profits and universities that pay larger salaries to some employees (think hospital CEOs and football coaches), but due to expansive definitions of “employee” and “related organization” included in earlier [interim guidance](#) (Notice 2019-09), the tax ended up hitting many family businesses with related foundations and other charities instead.

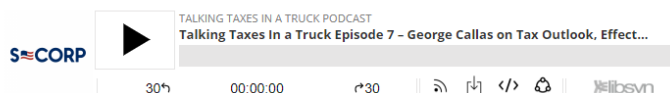
S-Corp [weighed in on the issue](#) in a letter to Treasury. The June 2020 [proposed rules](#) that followed took into account many of S-Corp’s critiques, and provided important exceptions that helped mitigate the risk of unintended tax consequences. The final rules are largely consistent with the proposed rules and will apply to tax years beginning after December 31, 2021.

## 3. Talking Taxes in a Truck Podcast

Brian Reardon, [BReardon@S-corp.org](mailto:BReardon@S-corp.org)

The latest episode of Talking Taxes in a Truck is live! We’re joined by George Callas, who is Managing Director of Government Affairs and Public Policy at Steptoe, and a former Tax Counsel to then-Speaker Paul Ryan. George and S-Corp President Brian Reardon chat about the timing of potential tax activity in 2021, the upcoming stimulus debate, and Super Bowl predictions. Click the link below to check it out:

Talking Taxes In a Truck Episode 7 – George Callas on Tax Outlook, Effective Dates for Estate and Capital Gains Taxes, and Super Bowl Prediction



And, be sure to subscribe to TTT to catch all the latest episodes on [Spotify](#), [iTunes](#), or [Google](#).

## 4. SALT Parity Q&A

Brian Reardon, [BReardon@S-corp.org](mailto:BReardon@S-corp.org)

More good news on the pass-through SALT Parity front! California Gavin Newsom has included our SALT Parity proposal in his budget proposal for 2021.

This news comes on the heels of IRS [Notice 2020-75](#) that effectively blessed our efforts and made clear to states and businesses that they could adopt SALT Parity legislation without worrying about future regulatory actions.

As a result, S-Corp predicts that more than a dozen states will join California in taking up SALT Parity legislation this year. It is a great way to help Main Street employers during the COVID-19 pandemic without reducing state revenues.

Increased interest means increased questions about how it works and why it is the right plan to help Main Street employers during a very difficult time. Below is a Q&A based on questions S-Corp has fielded in recent weeks.

Access the full Q&A [here](#).

## 5. **Social Media Update**

Chris Smith, [CSmith@MainStreetEmployers.org](mailto:CSmith@MainStreetEmployers.org)

Selected communications published by our allies at the Main Street Employer coalition. They can be found on Twitter [@MainStEmployers](#):



Parity for Main Street Employers  
@MainStEmployers

#SmallBusiness optimism sank following the election. The latest round of much needed bi-partisan stimulus will help. But it's another reason why plans to raise taxes on individually & family owned business would be disastrous right now. via [@NFIB](#)



Source: National Federation of Independent Business

2:27 PM · Jan 13, 2021 · Twitter Web App



Parity for Main Street Employers  
@MainStEmployers

Right now people trust Main Street more than government or big business. Nearly 3/4 of U.S. respondents said their own employer was a mainstay of trust. [wsj.com/articles/more-...](https://www.wsj.com/articles/more-trust-in-business-than-in-government-and-media-survey-finds) via [@WSJ](#)



More Trust in Business Than in Government and Media, Survey Finds  
In Edelman's latest annual trust survey, U.S. respondents back business at a higher percentage than other institutions.  
[wsj.com](https://www.wsj.com)

2:23 PM · Jan 13, 2021 · Twitter Web App



Parity for Main Street Employers  
@MainStEmployers

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Intentions notwithstanding, hitting individually and family owned businesses with a tax increase in the middle of a pandemic would be the opposite of stimulus. via [@tax](#) [@DeloitteTax](#)



**Bloomberg Tax**  @tax · Jan 5

President-elect Biden has expressed his intent to increase taxes for large corporations and wealthy individuals.

Steve Gallucci and Banks Edwards of @Deloitte examine whether Biden will actually get his proposed tax policies enacted into law. [btaxgo.com/IUBgNep](https://btaxgo.com/IUBgNep)

6:49 PM · Jan 5, 2021 · Twitter Web App