

TO: NAW Direct Members

FR: NAW Government Relations Team

**RE: NAW Critical Update Number 112 – December 17 at 4:00 PM**

## **1. URGENT UPDATE ON COVID-19 RELIEF AND PPP DELIBERATIONS**

Negotiations continue on a new COVID-19 relief package, but agreement has not been reached on some significant issues. Among the outstanding issues is how to treat the deductibility of expenses paid with the PPP loan. The business community in DC has been fighting an aggressive battle with some on the Hill who want to limit the deductibility to businesses that took out very small loans. If not that specific policy, we are told that “some compromise” will be in the final legislation, meaning that some PPP borrowers will not be able to deduct PPP-paid expenses.

We are arguing – emphatically – that all PPP borrowers who maintained payroll, especially through the grim first few months of the pandemic, should be entitled to the protections of the language of the CARES Act enacted in March. Nonetheless, there are arguments being made that deductibility should be denied to some PPP borrowers, presumably borrowers of larger loans. The statute made no distinction between the size of the loans when it mandated that all PPP proceeds are to be non-taxed income. Clearly denying deductibility of PPP-paid expenses of ANY employers makes that part of the loan taxable.

**If you are a PPP borrower, please call your Representatives and Senators NOW to tell them to enforce the law for ALL employers, not just some. Congress should not be picking winners and losers among the employers who all played by the rules. Tell them how many jobs you protected with your PPP loan and why a tax increase is both unfair and a threat to your business and your workers.**

You can reach every office on Capitol Hill by dialing 202-224-3121 and asking for the office of your Senators and Representatives. Congress is in session now and that is the fastest way to make your voice heard.

***There are multiple moving parts to the effort to get a new COVID-19 relief bill passed by Congress and signed by the President. This report is current as we write it, but the situation is very fluid and changing fast. We will keep you updated as the process moves forward.***

## 2. Latest on Economic Recovery and Re-Opening the Workplace

As the Coronavirus Pandemic continues to impact the United States economy and businesses across the nation, it can be hard to decipher how new regulations and laws may impact your business. To help you manage these issues NAW is providing information about reports, webinars and seminars that you may find useful:

**From the *New York Times*:**

### **Should Companies Require Employees to Take the Vaccine?**

The short answer is that employers can create such requirements, with some wiggle room. The law lets both public and private organizations require vaccinations, and schools, hospitals and a host of other institutions have long done so. To read the full article from the NYT, click [HERE](#).

**From *Little Law Firm*:**

### **[California Health Department and Governor Issue Guidance and Executive Order Shortening Quarantine Requirements under Cal/OSHA Emergency Temporary Standard](#)**

On December 14, 2020, the California Department of Health issued guidance shortening the quarantine period from 14 days to 10 days for asymptomatic “close contacts” of an infected individual, with or without testing. To read the full article, click [HERE](#).

**Stateside Associates** publishes a daily report about State and Local Government responses to the evolving situation. To read their latest report, click [HERE](#).

We are also providing a link to a spreadsheet that includes state and local COVID-19 response information provided by **MultiState Associates**. To view their spreadsheet, click [HERE](#).

**[Click here](#) for links to Critical Updates sent previously.**

Many thanks—

*Jade West, Chief Government Relations Officer*

*Blake Adami, Vice President-Government Relations  
Seth Waugh, Associate Vice President-Government Relations  
National Association of Wholesaler-Distributors*

**NAW 2021 DIGITAL SUMMIT: LEADING IN A TIME OF TRANSITION  
JANUARY 27 & 28 REGISTER: [www.naw.org/ds21](http://www.naw.org/ds21)**

*The above information and links to other information has been prepared by NAW for the general information of NAW members. It is not intended to, and does not, provide tax, legal or professional advice concerning any specific matter. You should not act on the information without first obtaining professional advice and counsel.*