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As we continue reopening, know what you still have to do



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THE PANDEMIC MAY BE STARTING to be in our rearview mirror, but don't relax yet. There are still loose ends to attend to. Here are some actions that you need to be thinking of over the next few months in order to meet all your obligations relating to government programs and filings that took place during the pandemic. Also, I have outlined other general thoughts to consider.

Considering government programs: The first item to consider is your PPP loan forgiveness. I'm assuming most of you have filed for—and hopefully received—forgiveness on the first round of PPP money. If not, it is something you should take care of right away. As it relates to the second round of PPP, you have the designated 24 weeks to spend the funds before you have to file for forgiveness (10 months from the end of the 24 weeks) or it automatically turns into a loan.

A couple of things to keep in mind when filing is that this needs to be coordinated with your Employee Retention Tax Credit filing. This is the filing that's done on your 941. Note that you cannot use PPP funds for qualifying for the ERTC. It is important for you to talk to your accountant and coordinate the forgiveness filing for the second round of PPP funds with your ERTC.

The next item is the Restaurant Relief Fund. If you were fortunate to receive those funds, you have 18 months to spend the money on the broadly designated items (such as capital improvements to your outside dining and food costs). This is a grant and you have plenty of time to comply. Importantly, make sure you are not in any way using these funds to distribute to the shareholders (members), or on debt. Unfortunately, how to report and the consequences of not spending these funds appropriately is still not clear. We further aren't sure if there is going to be additional funding for businesses that have not received those funds.

Another key item is filing your tax returns. Many business people have not filed yet because of extensions and the uncertainty we still have regarding Minnesota tax as to the deductibility of the money spent with PPP funds. The best advice has been to extend the filing of your return as long as possible.

Another important tax issue that is on the horizon that may involve some serious thought as you move forward is the increase in the capital gains tax rates. This may create an incentive to sell or even better a reason to acquire another restaurant from a seller who is motivated to buy.

Those who received an EDL loan—the maximum of which was \$150,000—have benefited from deferred payments, but remember repayment will eventually start with interest only, and then require payments of interest and principle.

You also may have received other



grants that require reporting, so make sure you're on top of the reporting requirements.

Don't forget your landlord and bank. Many landlords and banks have extended interest-only or reduced rents, and this will require some attention now. Go back to your landlord prior to the periods of time when those interim provisions run out, and negotiate something long-term that's going to work for you. Do not just go back to the status quo.

Employee issues are one of the key issues in reopening, both the shortage and the rehiring. Check to see that you're in compliance with rehiring rules and as to the overall compensation. You have to recognize market conditions and adjust your starting wages and existing wages to meet these demands.

There's a lot to monitor over the next six months, but fortunately there are good resources out there to check with. Be sure to access the help out there when needed. **FSN**

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