

Monday, January 11, 2021

To: New York Community Banks

Earlier this morning, IBANYS sent an update on the PPP in the latest CARES Act. If you have any questions, please send an email to [johnw@ibanys.net](mailto:johnw@ibanys.net).

-- John

### FROM ICBA

#### **IRS redirecting, reissuing some EIP2s**

The IRS said it is working with the tax-preparation industry to redirect second Economic Impact Payments that for some recipients went to temporary bank accounts established when their 2019 tax returns were filed. The IRS previously said roughly 13 million in EIP2s went to the temporary accounts and will have to be returned to the agency. In a [statement issued Friday](#), the agency said it is working with the tax industry to redirect the payments to correct accounts for "many" recipients. In a separate communication, the IRS said that if a tax preparer can identify the intended bank account, it can move the payment there instead of returning the funds to the agency. The IRS said some preparers have already done so.

Additionally, the [IRS said](#) on Sunday that it will reissue payments for taxpayers who did not receive the EIP2 because the bank account identified in the agency's records has been closed. This affects taxpayers whose tax preparers followed initial IRS guidance and are now waiting for the IRS to re-process payments related to these accounts. In Friday's public statement, the IRS also reminded recipients that they can claim the Recovery Rebate Credit when they file their 2020 tax return to receive their stimulus payment. Earlier in the week, the agency encouraged individuals who do not receive the EIP2 to file their 2020 return electronically and claim the credit.

Additional information on the second round of EIPs is available on the IRS's [EIP webpage](#) and in ICBA's updated [frequently asked questions](#).

#### **SBA 7(a) payments no longer taxable income**

SBA payments on existing 7(a) and 504 loans under Section 1122 of the CARES Act are no longer considered taxable income, due to an ICBA-supported provision of the end-of-year stimulus law. As a result, lenders will no longer be required to furnish SBA borrows with 1099s, though the SBA has not yet rescinded its December [guidance](#) on the issue. ICBA recommends community banks halt processing or distributing 1099s until the agencies issue further guidance.

#### **PPP lending webinar tomorrow**

ICBA [Preferred Service Provider](#) ProfitStars and Jack Henry Lending tomorrow are hosting an educational webinar on the next round of Paycheck Protection Program lending. Scheduled for 10 a.m. (Eastern time) tomorrow, Jan. 12, the webinar will focus on how community banks can help businesses access the next round of stimulus funds. [Register now](#).

### FROM OTHER SOURCES

- The Paycheck Protection Program (PPP) restarts today, but only for community lenders that focus on underserved borrowers, including women-led businesses and those run by Black, Hispanic, Asian and other minorities, government officials said. The officials did not specify when larger

lenders would begin processing loans, saying only it would resume "shortly." ([The New York Times](#))

- The IRS says it is fixing an error that prevented millions of people who used tax preparers from getting the second round of \$600 stimulus payments. The agency said it has direct-deposited about 100 million economic impact payments. The American Enterprise Institute estimates there will be 158 million economic impact payments in the second round of stimulus payments. [https://www.washingtonpost.com/business/2021/01/08/irs-tax-preparer-stimulus-error/?mkt\\_tok=eyJpIjoiT0dSaE9ETmtOemMzWXpFeSIsInQiOiJTZVVhU3U2cDI4M2k3YVpPK0s0NXJ3Sk5KZW9oQk1PVEdTTRxVXgxblhOQVJTdW1EV3VOTk43QlU1SGlyU2t3aTdxNE9YR2psV3VteWICZXVzTHlzR1RONTJQYXNGSXIBUitkSWIxc3VKZnpzTFIGZGU5Y0IYkRITGZpd1p4aiJ9](https://www.washingtonpost.com/business/2021/01/08/irs-tax-preparer-stimulus-error/?mkt_tok=eyJpIjoiT0dSaE9ETmtOemMzWXpFeSIsInQiOiJTZVVhU3U2cDI4M2k3YVpPK0s0NXJ3Sk5KZW9oQk1PVEdTTRxVXgxblhOQVJTdW1EV3VOTk43QlU1SGlyU2t3aTdxNE9YR2psV3VteWICZXVzTHlzR1RONTJQYXNGSXIBUitkSWIxc3VKZnpzTFIGZGU5Y0IYkRITGZpd1p4aiJ9)
- Senator Sherrod Brown (D-Ohio), expected to chair the Senate Banking Committee in a Democratic-led Senate, is no fan of big banks - though the industry is counting on the near deadlock in the chamber to forestall any sweeping legislative efforts. Brown, as top Democrat on the Committee, has criticized "too-big-to-fail" firms, urged regulators to step up investigations, championed affordable housing and has been a reliable critic of private-equity firms and hedge funds. He said his focus in 2021 will be on helping Americans recover from the Covid-19 fueled economic downturn. [https://www.bloomberg.com/news/articles/2021-01-08/bank-basher-gets-his-chance-as-wall-street-s-new-senate-overseer?mkt\\_tok=eyJpIjoiT0dSaE9ETmtOemMzWXpFeSIsInQiOiJTZVVhU3U2cDI4M2k3YVpPK0s0NXJ3Sk5KZW9oQk1PVEdTTRxVXgxblhOQVJTdW1EV3VOTk43QlU1SGlyU2t3aTdxNE9YR2psV3VteWICZXVzTHlzR1RONTJQYXNGSXIBUitkSWIxc3VKZnpzTFIGZGU5Y0IYkRITGZpd1p4aiJ9](https://www.bloomberg.com/news/articles/2021-01-08/bank-basher-gets-his-chance-as-wall-street-s-new-senate-overseer?mkt_tok=eyJpIjoiT0dSaE9ETmtOemMzWXpFeSIsInQiOiJTZVVhU3U2cDI4M2k3YVpPK0s0NXJ3Sk5KZW9oQk1PVEdTTRxVXgxblhOQVJTdW1EV3VOTk43QlU1SGlyU2t3aTdxNE9YR2psV3VteWICZXVzTHlzR1RONTJQYXNGSXIBUitkSWIxc3VKZnpzTFIGZGU5Y0IYkRITGZpd1p4aiJ9)

#### FROM NEW YORK

- The trajectory of new coronavirus cases [continued its steady climb](#) in New York in the week ending Saturday, rising 23% to a new record of 107,619 cases in one week. While New York is [trying to speed up](#) its slow rollout of vaccines, it is also dealing with a surge in COVID-19 cases. The previous week had 87,651 new cases of the virus that causes COVID. 'New York State is now in a footrace between how fast the infection rate rises and how fast we can administer vaccines.'
- The Governor reported that there were 8,484 patient hospitalizations statewide; 1,436 patients in the ICU; 892 Intubated patients; the statewide positivity rate is 6.22%, and there were 151 COVID-19 deaths in New York State on Saturday. For full details, including regional and by-county breakdowns of the data: <https://empirereportnewyork.com/governor-cuomo-updates-new-yorkers-on-states-progress-during-covid-19-pandemic-41/>
- Cuomo's decision to open vaccination distribution to police officers, firefighters, other essential workers and those over the age of 75 will make sure every dose is used, and it opens the door to more people who are waiting for the vaccines, [Newsday writes](#).
- Even as freedom from COVID-19 beckons with powerful new vaccines, Western New York is entering the most perilous stage of the pandemic yet – not only are hospitalization and death rates rising to fearful levels, but the virus has spun off a new, more contagious strain, [The Buffalo News writes](#).

- State health officials again abruptly loosened vaccination guidelines as coronavirus cases continued to rise – now, medical providers can administer the vaccine to any of their employees who interact with the public if there are extra doses in a vial, [The New York Times reports](#).
- Expanding access to telehealth services as the pandemic has forced more interactions into a virtual world is part of Gov. Andrew Cuomo's 2021 agenda, he announced on Sunday. [Read More](#)
- The Governor will deliver his State of the State address on Monday at 11:30 a.m. Here's a preview of some anticipated highlights : <https://www.silive.com/news/2021/01/5-items-in-cuomos-2021-state-of-the-state-address-on-monday.html>
- While there are specific policies to listen for in Governor Andrew Cuomo's State of the State address today, there's really only one overriding issue to pay attention to: What the Governor says about his expectations regarding relief money from the federal government. [Read More](#)
- Leaders in business, labor and government across New York are cheering U.S. Sen. Chuck Schumer's coming elevation to majority leader after Democrats won two runoff elections in Georgia, [The Wall Street Journal reports](#).
- The most up-to-date [forecast](#), released last week by the Independent Budget Office, sees the city mired in a deep recession, adding only 184,000 jobs this year, about 30% of those lost in 2020. The unemployment rate is expected to average 14% for the year, slightly higher than current numbers. The best hope for NYC's economy in 2021 might be: a 'transition year' with modest Gains by the fall. <https://www.thecity.nyc/economy/2021/1/10/22223959/best-hope-for-nycs-economy-in-2021-a-transition-year-with-modest-gains-by-the-fall>

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**IBANYS will continue to provide updates as additional information becomes available. Thank you all for your continued participation and support.**

- **John J. Witkowski, President & CEO ([Johnw@ibanys.net](mailto:Johnw@ibanys.net); 716.880.0518)**
- **Stephen W. Rice, Director, Communications & Government Relations ([Stever@ibanys.net](mailto:Stever@ibanys.net))**