



**April 7, 2020**

## **COVID-19: Relief for Businesses, Non-Profits and Individuals**

### **Tax Relief for Individuals**

1. Tax filing and payment deadline moved back to July 15, 2020 with NO interest or penalties.
2. Taxpayers may request an extension of time to file until October 15, 2020 by filing Form 4868 by July 15, 2020.
3. First quarter estimates for 2020 now due July 15, 2020.
4. Second quarter estimates for 2020 still due June 15, 2020.
5. IRA contributions for 2019 can be made up until July 15, 2020.
6. HSA and Archer MSA Contributions for 2019 can be made up until July 15, 2020.
7. Existing IRS Installment Agreement payments are suspended between April 1 – July 15, 2020.
8. Charitable contributions:
  - a. \$300 “above the line” deduction for those who do not itemize.
  - b. Waiver of the 60% of AGI limitation for contributions to 501(c)(3) entity.
9. IRAs and qualified retirement plans:
  - a. Waiver of required minimum distributions (RMD) for 2020.
  - b. 10% penalty for early withdrawals is waived for distributions made for COVID-19 reasons.
  - c. Distributions are not subject to mandatory 20% federal withholding.
  - d. Distributions are taxable over three-year period.
  - e. Distributions may be re-contributed over three years.
10. Stimulus checks of \$1,200 for single-filers and \$2,400 for married filing jointly with adjusted gross income phase-outs: \$75,000 - \$99,000 for single; \$150,000 - \$198,000 for married; \$112,500 - \$136,500 for Head of Household; plus \$500 for qualifying children under the age of 17.
  - a. This is a prepayment of a 2020 credit. This will be reconciled on the 2020 income tax return, but overpaid credits will not have to be repaid.
  - b. These AGI amounts are calculated based on 2019 returns if they have been filed, or 2018 returns.



## **Tax Relief for Businesses**

1. Tax filing and payment deadline for returns originally due April 15, 2020 moved back to July 15, 2020 with NO interest or penalties.
2. Returns originally due April 15, 2020 may request an extension of time to file until October 15, 2020 by filing Form 7004 by July 15, 2020.
3. Contributions to Qualified Plans for 2019 can be made up until July 15, 2020 (or up until October 15, 2020 IF extension is filed by July 15, 2020).

## **SBA's Emergency Injury Disaster Loan ("EIDL")**

Apply at: [covid19relief.sba.gov/#/](https://covid19relief.sba.gov/#/)

1. EIDL provides small businesses (<500 employees) with working capital loans of up to \$2 million to overcome the temporary loss of revenue they are experiencing (includes sole proprietors and independent contractors).
2. Loans have low fixed interest rates of 3.75% for for-profit entities or 2.75% for not-for-profits.
3. Repayment term may be up to 30 years.
4. Applicants can request an advance of \$10,000 to be distributed by the SBA within 3 days.  
NOTE: Applicants do NOT have to repay the \$10,000 even if they are denied for the EIDL.
5. This advance of \$10,000 can be used for:
  - a. Paid sick leave to employees unable to work due to COVID-19.
  - b. Maintaining payroll.
  - c. Increased costs due to interrupted supply chains.
  - d. Rent or mortgage payments.
  - e. Repaying obligations that cannot be met due to revenue losses.

## **Expanded SBA 7a Lending under CARES Act**

1. "Paycheck Protection Program" – SBA loans can be used for:
  - a. Payroll costs including salaries, state unemployment taxes, sick leave, health insurance premiums and retirement benefits.
  - b. Mortgage, rent and utility payments.
  - c. Other debt obligations.
2. Who is eligible?
  - Businesses with 500 or fewer employees (per location if you are a restaurant, hotel, or other food service establishment).
  - Self-employed individuals.
  - Not-for-profits with fewer than 500 employees.



3. Maximum amount of loan is the lesser of:
  - 2.5 x average monthly payroll costs during 1-year period immediately before loan is made (or 2019 calendar year) or \$10 million.
4. Loan forgiveness for certain borrowers equal to the amount spent during an eight-week period after the origination date of the loan on:
  - a. Payroll costs (must be at least 75%).
  - b. Interest payment on any mortgage incurred before February 15, 2020.
  - c. Rent on any lease in force before February 15, 2020.
  - d. Utilities for which service began before February 15, 2020.
  - e. The amount of any loan forgiveness will be reduced by any meaningful reductions in employee wages (in excess of 25% for any employee) or layoffs of employees during the covered period.
  - f. Borrowers must apply for forgiveness within 60 days of the loan origination.
5. There are no loan fees and the maximum fixed interest rate is 4%. Government guarantee of 7(a) loans would be increased to 100% through December 31, 2020. After that date, guarantee percentages would return to 75% for loans exceeding \$150,000 and 85% for loans equal to or less than \$150,000.
6. There will NOT be cancellation of indebtedness income recognized for tax purposes upon forgiveness.
7. A Payroll Protection Program (PPP) Loan and Economic Injury Disaster Loan (EIDL) are not to be utilized for the same purpose.
8. Application deadline for the PPP Loan is June 30, 2020.

## **Employment & Payroll Tax Relief**

### **Georgia Partial Unemployment**

1. Employers may apply for partial unemployment benefits for their employees who are temporarily laid off or hours are reduced for a short period. Employers must register for the Employer Portal and file claims online.
2. The federal government has increased benefits by \$600 per week.
3. The employees must still be attached to the employer.
4. The employer must file a claim for each pay period.
5. Claims can be submitted only AFTER the week ending date on the claim.
6. NOTE: If we prepare the client's quarterly payroll reports, we probably have their DOL account linked to ours, and we will have to file these unemployment claims.

### **The Families First Coronavirus Response Act**

1. Credit for Qualified Sick Leave:
  - a. The new legislation requires employers with fewer than 500 employees to provide paid sick leave to employees who are forced to stay home due to quarantining or the care for a family member (qualified sick leave) or to care for a child if the school



or place of care is closed (qualified family leave). However, the employer will receive a credit against payroll tax for paying this.

- b. These tax credits are available for wages paid from April 1, 2020, to December 31, 2020.
  - c. The employer is required to pay 100% of the employee's wages, limited to \$511 per day if the employee is subject to any of the following:
    - Is subject to a federal, state or local quarantine or isolation order related to COVID-19.
    - Has been advised by a health care provider to self-quarantine due to concerns related to COVID-19.
    - Is experiencing symptoms of COVID-19 and is seeking a medical diagnosis.
  - d. The employer is required to pay at least 2/3 of the employee's regular pay, limited to \$200 per day if the employee must stay home to take care of a child that has had their school or child care provider close due to COVID-19, or an individual subject to quarantine.
  - e. The total payroll tax credit is limited to 10 days of wages per employee.
2. Credit for Qualified Family Leave
    - a. A separate refundable tax credit applies for family leave wages paid by an employer. The credit is 100% of the amount of qualified family leave wages limited to \$200 per day per employee, up to an aggregate amount of \$10,000.
  3. Credit for Self-Employed Individuals
    - a. Self-Employed individuals can also receive these tax credits against regular income tax.

### **Coronavirus Aid, Relief and Economic Security Act (CARES Act)**

1. Tax credit for retaining employees
  - The CARES Act creates a 50% refundable payroll tax credit on wages paid up to \$10,000 during the crisis. It would be available to employers whose businesses were disrupted due to virus-related shutdowns and firms experiencing a decrease in gross receipts of 50% or more when compared to the same quarter last year. The credit is available for employees retained but not currently working due to the crisis for firms with more than 100 employees, and for all employee wages for firms with 100 or fewer employees.
2. Deferral of payroll tax payments for employers
  - Payment of employer share of Social Security (FICA) payroll taxes for payroll March 27, 2020 through December 31, 2020 may be deferred with 50% owed on December 31, 2021 and the other half owed on December 31, 2022. If an employer received SBA loan proceeds and any portion of that was forgiven in accordance with the CARES Act, they are not eligible for this relief.

*See Disclaimer on Page 5*



***Disclaimer***

*This communication is intended to provide general information on legislative COVID-19 relief measures as of the date of this communication and may reference information from reputable sources. Although our firm has made every reasonable effort to ensure that the information provided is accurate, we make no warranties, expressed or implied, on the information provided. As legislative efforts are still ongoing, we expect that there may be additional guidance and clarification from regulators that may modify some of the provisions in this communication. Some of those modifications may be significant. As such, be aware that this is not a comprehensive analysis of the subject matter covered and is not intended to provide specific recommendations to you or your business with respect to the matters addressed.*