



**GLENN BURDETTE**

## **COVID-19 RESOURCE UPDATE**

*APRIL 17, 2020*



### **Summary:**

I asked my 8-year old son to turn off the TV last night, and he replied "Aww dad, it was just getting good!!" That's how many of us feel about the Federal Stimulus programs, which hit the pause button just when money was starting to flow.

For the self-employed, more clarity on forgiveness.

Stay safe and well everyone.

Glenn Burdette is here for you.

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**FAKE NEWS**

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# Regulatory Updates 4/17/20

## Federal Stimulus -

- The SBA announced Thursday that they have stopped accepting new applications for both the PPPL and the EIDL programs due to available funding. Existing applications will be processed on a first-come, first-serve basis.
  - If you have already applied, check in with your banker to see if your loan has a chance of getting funded.
  - If you have not already applied but want to, complete the application process. There is still a chance that more funding could be on the way.
- **Where did the money go?**
  - Over 1 million loans from 4,664 lenders were approved.
  - Companies from Texas claimed 88,434 loans for over \$21B, the most of any State.
    - By comparison, CA had 54,922 loans for \$20.8B.
  - The construction industry got the most, almost \$34B worth, followed by Professional, Scientific and Technical Services, then by Manufacturing.
  - The average loan size was \$239,000. See attachment to this email for more info.
- **More details have emerged for the self-employed.**
  - If you have no payroll, then your loan amount is your 2019 Net Income from self-employment (Line 31 of Schedule C on your tax return), limited to \$100,000, divided by 12, then multiplied by 2.5.
    - You ***must*** use your 2019 Schedule C, even if it is not yet filed.
  - **Loan Forgiveness** for self-employed PPP Loans is also much clearer now.
    - If you have no payroll, forgiveness = 2019 Schedule C income (limited to \$100K max) divided by 52 and then multiplied by 8.
    - Since they anticipate most self-employed individuals to not have income, they are essentially giving forgiveness based on your equivalent 8-week amount from 2019.
- **EIDL Clarifications**
  - Following up on an open item from last week, for the EIDL grant, you do indeed get \$1,000 per employee up to a \$10K max.
  - No need to reapply for this if you previously applied under a different assumption.

# Regulatory Updates 4/17/20

- **There are additional PPPL funding options**

- If you can't find a bank or your bank isn't working for you on the PPPL, the link below has a list of other FinTech companies who can help.
  - <https://www.forbes.com/sites/brianthompson1/2020/04/09/banks-and-fintech-companies-accepting-paycheck-protection-program-loan-applications-from-new-and-non-bank-customers/#1e416892b950>

- **Open Questions Remain on the Federal Stimulus Programs**

- Will PPPL forgiveness amounts be taxable at the California level?
- Will PPPL forgiveness be based on expenses actually paid or incurred or both?
- Will the expenses paid with forgiven funds be tax-deductible? Current tax law says no, but will a waiver be granted?
- If I used PPPL funds to pay myself rent (because I also own the building), can that be forgiven? Currently, the answer appears to be yes, but will that change?
- How exactly do we calculate reductions in loan forgiveness due to reduced headcount and/or reduced pay to employees?
- Will all banks be on the same page when it comes to rules around forgiveness after the 8-week period?
- Will more funding come, how much, and when?
- Is it 5pm yet, because this all makes my head hurt.

We know you have as many, if not more, questions than we do. **Keep all the questions coming and keep sharing information.**

- It's been three weeks since the Act was signed by the President and we have learned a ton since then.
- By the end of the 8-week spending period after funding, I'm hoping we have all these answers and more.

# *Regulatory Updates 4/17/20*

- **US Chamber of Commerce Grants**

- The U.S. Chamber of Commerce has a Save Small Business Fund and is awarding grants of \$5,000.
- For more info and to apply, visit <https://savesmallbusiness.com/>

- **Medicare Reimbursement Stimulus for Doctors**

- Some doctors got a nice surprise this and last week, as they received direct deposits from a \$30B program as part of the CARES Act.
- This money was based on the amount of money that doctors got from Medicare last year, and these funds do not need to be repaid.

- **IRS**

- The IRS has clarified that for the deferral of the employer's portion of payroll taxes (that can be paid 50% by 12/31/2021 and 50% by 12/31/2022), you can do this up to the point that the employer receives notification from their PPPL lender that their loan has been forgiven.
- After loan forgiveness has been granted, you may no longer defer payment of these taxes.
- I was reminded that the the guidance provided by the IRS on this is not officially law at the moment, but it's the best guidance we have.

- **California**

- The Franchise Tax Board has announced that for California tax purposes, if a taxpayer's 1031 like-kind exchange identification period or exchange period is due to expire between April 1, 2020 and July 15, 2020, the periods are now extended until July 15, 2020.
- More details can be found here: <https://www.ftb.ca.gov/about-ftb/newsroom/covid-19/help-with-covid-19.html>
- California has a new program to provide front-line health care workers with hotel rooms at no or low-cost.
  - The state has already identified 150 hotels that have opted in to provide discounted rates.
  - If you have a hotel and are interested in participating, send an email to [covid19lodging@dgs.ca.gov](mailto:covid19lodging@dgs.ca.gov).

**And Just Because We All Need A Laugh Right Now...**

# **Stimulus Delayed As Trump Insists On Personally Delivering Giant Check To Every American**

April 15th, 2020



**Yes, rebate checks are on the way.  
No, you won't get a huge check like the one above.  
No, President Trump won't personally deliver it.**

# *Helpful Links*

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## **ReadySLO website - stay up to date in our community:**

- <https://www.readyslo.org/en/index.aspx>

## **Judy Mahan and team at the Cal Poly SBDC are doing great things. Lots of great information here:**

- <https://centralcasbdc.com/covid-19-resources-uc-merced-sbdc>

## **IRS Coronavirus Website:**

- <https://www.irs.gov/coronavirus>

## **SBA Loan Assistance:**

- <https://www.sba.gov/disaster-assistance/coronavirus-covid-19>
- <https://disasterloan.sba.gov/ela>

## **Multi-State Filing Resource from the AICPA:**

- <https://www.aicpa.org/search.html?source=AICPA&q=state+filing+relief>

## **EDD Corona Virus Updates:**

- [https://www.edd.ca.gov/about\\_edd/coronavirus-2019.htm](https://www.edd.ca.gov/about_edd/coronavirus-2019.htm)

## **EDD Unemployment Claim Info:**

- [https://edd.ca.gov/Unemployment/Filing\\_a\\_Claim.htm](https://edd.ca.gov/Unemployment/Filing_a_Claim.htm)

## **CDTFA (Sales Tax) Services:**

- <https://www.cdtfa.ca.gov/services/covid19.htm>

## **State of California Business and Economic Development Website**

- <https://business.ca.gov/coronavirus-2019/>

## **Department of Labor Information:**

- <https://www.dol.gov/agencies/whd/pandemic/ffcra-questions>