Now that the Acts are passed, the details are coming into view.

We've provided recommendations and information on two of the more promising programs. Much more to come.

Beware of scams related to the Stimulus Packages. They've already begun.

Stay safe and well everyone.

Please reach out to your Glenn Burdette CPA if you need anything.
Federal Stimulus Highlights

- There is a lot of information being passed around regarding the stimulus package details.
- We are working on a summary document to help you navigate all the different options and details. Coming very soon.
- In the meantime, here are highlights and recommendations:
  - **Paycheck Protection Program**
    - We recommend business owners investigate this program, as it includes easy qualification and a loan forgiveness option.
    - Attached to this email is a good summary of this program from the SBA.
    - If you don't qualify for loan forgiveness on all or part of the loan, your worst case scenario is that you have a 10-year loan at 4% with 6-12 months deferred.
    - One strategy would be to determine how much in payroll, mortgage interest, rent, and utilities your business plans to spend in the 8 weeks following loan funding.
      - Pay particular attention to the definition of "payroll cost" here.
      - This would essentially be the amount of loan forgiveness you will receive, provided you have met the other forgiveness requirements.
      - It may be that the loan amount you qualify for is more than this amount.
        - If so, determine if:
          - a) you want a loan for just the amount you plan on being forgiven, or
          - b) you want a larger loan and will carry the unforgiven portion as a loan at 4% for 10 years with 6-12 months of deferred payments. Not a bad financing tool.
  - Also attached to this email is the Application Form the US Treasury Department has created. Expect to see this (or some version of it) in banks soon.

Scams

- There are already scams going on around the Stimulus Programs so beware.
  - Do not give out personal financial information.
  - Do not pay someone a fee or charge for information, including purchasing gift cards for them.
  - Just hang up on these people if you are unsure.
  - Contact the FBI at www.ic3.gov to report scammers.
Governor Newsom signed an Executive Order that allows the CDTFA to offer a 90 day extension for tax returns and tax payments for all businesses filing a return for less than $1M in taxes.

This means that businesses will have until the end of July to file their first quarter returns.

As a reminder, the CDTFA processes returns for sales taxes, alcoholic beverage taxes, cannabis taxes, as well as many others.

In the "Why Did We Wait For A Pandemic To Do This" category, this Executive Order also limits DMV in-person transactions for the next 60 days, allowing instead for mail-in renewals.

The San Luis Obispo County Tax Collector website now has instructions and a form if you are unable to pay your property taxes on time (don't forget, due April 10). See link below for more details.

California and Local Information

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And don't forget this chart of California benefits available:
https://www.labor.ca.gov/coronavirus2019/#chart

EIDL Loan

- This loan is also worth investigating.
- Can get up to $2M to meet working capital needs. 30 year term at 3.75%.
- Can get a $10,000 advance to be used for payroll, materials, rent/mortgage, or repay other obligations. Funds are to be paid in 3 days.
  - THIS $10K IS A GRANT AND DOES NOT NEED TO BE REPAID.
  - Important Note: If the disaster loan transfers to a Paycheck Protection Loan, this $10,000 is reduced from the loan forgiveness provided in those loans.
- Attached to this email is a sample of the application for this loan.
  - https://covid19relief.sba.gov/#/
Helpful Links

CDC Website:

Coronavirus Disease 2019 (COVID-19)
Coronavirus disease 2019 (COVID-19) is a virus (more specifically, a coronavirus) identified as the cause of an outbreak of respiratory illness first detected in...

IRS Coronavirus Website:

SBA Loan Assistance:
- 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:

EDD Unemployment Claim Info:
- 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

Department of Labor Information:
- https://www.dol.gov/agencies/whd/pandemic/ffcra-questions
Federal Stimulus Package - CARES Act (continued)

- **Title II - Assistance for American Workers, Families and Businesses**
  - **Unemployment Insurance Provisions**
    - Increases unemployment compensation benefits.
    - Funds the first week of unemployment with no waiting.
    - Funds States to upgrade staff, systems, technology (this is a big problem today with State Unemployment)
    - Grants for short-time compensation programs
  - **Rebates**
    - Final regs are consistent with what was stated in yesterday's newsletter.
    - $1,200/individual, $2,400/married, $500/child. AGI of $75K/individual (phased-out at $99K), $150K/married (phased-out at $198K).
  - **Business Provisions**
    - Can get a credit against payroll taxes each quarter of an amount equal to 50% of qualified wages of each employee for that quarter.
      - Wages per employee max out at $10K for purposes of this credit (across all quarters, i.e. not $10K/employee/quarter).
    - Must have experienced a "significant" decline in gross receipts.
      - Period of measurement for "significant decline in gross receipts" begins in the quarter where gross receipts are less than 50% of gross receipts for the same quarter in prior year, and ends in the quarter after that where gross receipts are greater than 80% of gross receipts in the same quarter in prior year.
    - Translated: If your revenue goes down, the more folks you keep employed equates to a larger credit.
    - Payroll taxes can be deferred with 50% of them due by 12/31/2021 and the rest due 12/31/2022.
  - **Tax Changes:**
    - Relief related to Net Operating Losses, limits on business interest paid, AMT, and charitable deductions.
IRS Section 139

- Glenn Burdette Tax Principal Mical Bovee shared this important item today, and related link.
  - Section 139 of the IRS Code allows for an employer to make "qualified disaster relief payments" to employees.
  - The payments are tax-free to the employees but fully deductible to the employer.
  - This is an existing provision in the Code, not new. It was enacted in 2002 after the 9/11 events.
  - This section applies to any federally declared disaster, which we are under.
  - See the Forbes article for further information and contact your CPA if you want to explore further.

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* No official guidance to extend date but assumed based on current legislature