



**GLENN BURDETTE**

## **COVID-19 RESOURCE UPDATE**

*APRIL 3, 2020*



### **Summary:**

As the late, great David Bowie prophetically sang "Ch-ch-ch-ch-CHANGES!". Thanks to the Treasury, we must now "turn and face the strange changes" in the Paycheck Protection Program Loans.

Some favorable provisions on the individual side offer additional cash-flow opportunities.

Stay safe and well everyone.

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

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**FEDERAL STIMULUS  
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**WISHING YOU ALL A  
PEACEFUL WEEKEND**

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# *Regulatory Updates 4/3/20*

## **Federal Stimulus - The Only Constant is Change**

Although only a few days have passed since our last newsletter, many items that we reported on previously have been changed and replaced with new guidance.

- Paycheck Protection Program Loans
  - The term of these loans went from 10 years to 2 years, and the rate went from 4% down to 0.5%, then up to 1%. Still a very affordable loan.
  - The loan still comes with 6-12 months of deferred payments, but interest will accrue during that period.
  - The definition of "payroll costs" also changed.
    - It used to include amounts paid to independent contractors. Now it appears to exclude those payments. Some of the guidance appears to contradict itself so this is an area we expect to further evolve.
  - Loan Forgiveness conditions also have changed.
    - Previously, whatever you spent on payroll, rent, mortgage interest and utilities counted towards the amount forgiven.
    - Now, 75% of the amount to be forgiven must have been spent on payroll. The rest must still be spent on rent, mortgage interest and utilities.
  - The application itself has changed from the original version.
  - Banks appear to be asking for more information than originally anticipated and this will most likely be an area to keep an eye on as it comes into light next week.
  - Loans for self-employed individuals are a also fluid situation.
    - These businesses definitely qualify for the loans, but what the amounts are based on and what amount gets forgiven are unclear.
    - Those loan applications won't be issued to the public until April 10.
    - We anticipate further guidance on self-employed criteria next week.

Unfortunately, these won't be the last of the changes.

Hang in there, we will get through this together.

# *Regulatory Updates 4/3/20*

- **Programs for Individuals**

- Charitable Contributions

- The new above-the-line deduction for up to \$300 in charitable contributions is only applicable to filers who do not itemize.
- Student Loans
  - If you have student loans, for the period March 27, 2020 through September 30, 2020:
    - No federal student loan payments are required.
    - No interest accrues on your federal student loan payments.
    - No garnishment of wages, Social Security and tax refunds for student loan collection.
    - Still get monthly payment "credit" for public service loan forgiveness.

- Retirement Funds

- You are now allowed to take a distribution of up to \$100,000 with no early withdrawal penalties (was 10%).
- Must meet certain COVID-19 related criteria.
- Instead of 60 days to pay it back and not get taxed on it, you now have 3 years.
  - You are still taxed on it over 3 years, but if you pay it back in full within the three years, you can file amended returns and get tax refunds.
- Consult with your financial adviser before going down this path, as it normally is not a preferred approach to cash flow.
- Due dates for existing loans that come due between March 27, 2020 and December 31, 2020 are now extended 1 year.
- No minimum distributions from retirement accounts are required for 2020.
  - With the stock market being down, this can be a key planning tool if you do not need the cash flow from the required minimum distributions.

# *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>

## • 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/#/>

## California and Local Information

- 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.
  - <https://www.slocounty.ca.gov/Departments/Auditor-Controller-Treasurer-Tax-Collector/Tax-Collector.aspx>

And don't forget this chart of California benefits available:

<https://www.labor.ca.gov/coronavirus2019/#chart>