Summary:

The Newsletter is back after a week off!

New PPP loan forgiveness rules are now signed into law. And most of them are winners.

Stay safe and well everyone.

Glenn Burdette is here for you.
In the last update, we went over the proposed changes that could make PPP Loan forgiveness easier to achieve. Shockingly, the Senate approved them as written by the House and the President signed it. So congratulations Bill, you're a law!

- Highlights (if you saw Rachel Carscaden and I present this info at the SLO Chamber webinar yesterday, you can skip this, or watch it on their website):
  - Reduces the 75% threshold on funds used for payroll costs down to 60%. Partial forgiveness is available if you don't meet the 60%.
  - Extends the 8-week spending period to 24 weeks.
  - Extends the deadline to rehire workers to December 31 (to avoid forgiveness reduction).
    - However, if your covered period ends before that, you can use the end of the covered period date for rehiring.
  - You can also avoid loan forgiveness reduction:
    - If you cannot rehire former employees,
    - If you cannot hire similarly qualified employees by 12/31/20,
    - If you cannot return to the same level of pre-Feb 15, 2020 business activity, due to compliance with COVID related safety requirements.
      - How this is measured is unclear, but it seems to open a HUGE door if you cannot hire back to your pre-loan FTE count.
    - Recall also that employees let go for cause, voluntarily resign, voluntarily request a reduced schedule, or decline a written offer to return to work do not count against you.
    - That’s 7 ways to get rid of forgiveness reduction!
  - If you got your loan approved after June 5, the repayment term is 5 years instead of 2.
    - What about those who got approved before that date?
      - You'll have to see if your lender will extend to 5 years. They are not required to.
Paycheck Protection Loans continued

- Repayment of principal and interest on any unforgiven amounts do not have to be made until the SBA remits the borrowers loan forgiveness to the lender.
  - This could actually make repayment start sooner than the previous 6 month deferral. 😕
- PPP borrowers can now utilize the Deferral of Employer Payroll Taxes Program, if desired. This was previously disallowed once you got forgiveness. 👍
  - Cash-strapped businesses should consider this program. Many don't like building up an IOU to the IRS, but if you need cash now to survive, it's an option.
- The last day to get your PPP Loan approved by the SBA is June 30, 2020.
  - There is still $130B in funding available.
  - Some existing borrowers may still want more funding, especially with longer timelines. However, that is not currently in the works.

Tax Day Approaches - July 15!!

- Look, I get it. The last few months have been crazy! Like, "We're all writing brand new chapters in yet to be written History books" crazy. So we're giving you a free pass on not getting your tax information to your CPA yet.
- But that free pass has now expired - so make a CPA happy and get your taxes completed.
  - If you did not formally extend at the March 15 or April 15 deadlines (you were not required to), you can still extend to September 15 or October 15 if you need more time.
  - I instantly regret mentioning that, but it's the facts and you may need more time.
  - Just let your CPA know.

P.S. My random thought of the week: with all the uncertainty about how schools will reopen, Schoolhouse Rock should be making a huge comeback, right? Thank God for YouTube.

Take care and have a great weekend everyone.
Helpful Links

ReadySLO website - stay up to date in our community:

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

A good link to American Riviera Bank’s blog on PPP loan updates

IRS Coronavirus Website:

SBA Loan Assistance:
- https://disasterloan.sba.gov/ela

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