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To All Our Valued Clients

Regarding; Coronavirus Disaster & Tax Relief

We're living in a very strange and difficult period. Many individuals and businesses have suffered economic losses as a result, and through no fault of their own. Consequently, both federal and state governments have taken action to try and alleviate some of the pain. I'm reaching out to you to make you aware of the policies and programs from which you may benefit.

INDIVIDUALS:

Every married couple is entitled a credit / refund of \$ 1,200 per adult and \$ 500 for every child under the age of 17. You receive the full credit if your income is less than \$ 150,000. It's phased out for incomes between \$ 150,000 and \$ 198,000. For unmarried individuals, the thresholds are cut in half. You do not have to do anything to receive this refund, you only need to file your tax return for 2019. If your 2019 tax return has not been filed, your 2018 tax return will be used.

The due date for filing your 2019 tax returns has been moved to July 15, 2020. That's also the new due date for your 2019 IRA and HSA contributions. There will be no penalties or interest on any 2019 liabilities if they're paid on or before July 15, 2020. Connecticut has adopted the same due date. I believe most other states have as well.

The federal government is also supplementing state unemployment claims. Besides collecting traditional benefits, individuals will receive an additional \$ 600 per week from the federal program for unemployment benefits paid through July 31, 2020. The new law also extends unemployment benefits by thirteen weeks and covers people not traditionally covered, like self employed individuals.

BUSINESSES:

Economic Assistance Disaster Relief Loans: Low interest loans administered through the SBA with deferred and / or extended payments. The loans may be used to pay payroll, rent, fixed debts and other bills that can't be paid because of the impact of COVID-19. The interest rate is 3.75% with repayments extending as far out as 30 years, with the terms being determined on a case by case basis. Turnaround time is expected to be 21 days.

Economic Assistance Disaster Relief Grants: A \$ 10,000 "loan" that does NOT have to be repaid. Available to businesses that are experiencing a temporary loss of revenues as a result of the impact of COVID-19. Turnaround time is expected to be 3 days.

Paycheck Protection Program: Businesses can borrow up to 250% of their monthly average payroll and use the funds to cover all payroll related expenses, including payroll taxes and benefits. The loan becomes a grant and does not have to be repaid for all monies spent within eight weeks on expenses like payroll, rent, utilities and mortgage interest. Many businesses have already made staff reductions, but the new law enables companies to still qualify for loan forgiveness if they rehire those individuals prior to June 30, 2020. Congress has made applications for these loans streamlined and expeditious, with the process falling far short of traditional loan applications. This appears almost too good to be true.

Payroll Tax Relief: Employers can defer payment of their share of 2020 Social Security and Medicare taxes until 2021 and 2022. They would still have to pay whatever taxes have been withheld from their employees' paychecks. If an employer's payroll is \$ 100,000 for the year, his share of the taxes that can be deferred would total \$ 7,650, usually 7.65% of gross. The deferred taxes would have to be repaid in two installments, 50% on December 31, 2021 and 50% on December 31, 2022. These provisions also apply to self-employed individuals with respect to 50% of their self-employment tax.

SBA Debt Relief: This program is designed to provide relief from SBA loan repayments for companies experiencing financial difficulties as a result of the impact of COVID-19. The SBA will pay six months of principle and interest on existing SBA 7(A) loans and new SBA 7(A) loans issued prior to September 27, 2020. Section 7(A) is the SBA's primary lending program and I believe all my clients with SBA loans qualify for this relief.

SBA Express Bridge Loans: Businesses with an existing relationship with the SBA can access up to \$ 25,000 in new or additional funds with less paperwork. These loans can be used as a standalone term loan or can be used as a bridge loan while the SBA is processing an Economic Injury Disaster Loan application.

Paid Sick & Family Leave: All employers with fewer than 500 employees are required to provide emergency paid sick or family leave for all employees affected by the COVID-19 outbreak. Employers will receive a payroll tax credit equal to 100% of all payroll related costs incurred to pay such employees, including benefits like health insurance.

This correspondence is intended to inform my clients of the many programs that may be of benefit to them. It's not intended to be all inclusive. I've presented everything to the best of my knowledge and understanding of the legislation at this point in time. I will learn more about these laws over the next few days as I gain experience working with them. The laws are new, and subject to changing interpretations and rulings as with all legislation. I trust the intent of this legislation is to help businesses and individuals survive unprecedented times, hence I believe their intentions are good and I'm optimistic about these programs.

I'm advising business owners who are interested in submitting applications for one or more of these programs to contact Lisa to make an appointment.

Wishing everyone all the best and stay safe.

Sincerely,



William F. Epperson