



James V Sadrianna, PA

James Sadrianna, CPA
CPA
7441 Haddington Cove
Lakewood Ranch, FL 34202
407-810-8595
james@jamesvsadriannapa.net
jamesvsadriannapa.com



James V Sadrianna PA - May 2020 Newsletter



Table of Contents

Watch Out for Coronavirus Scams 3

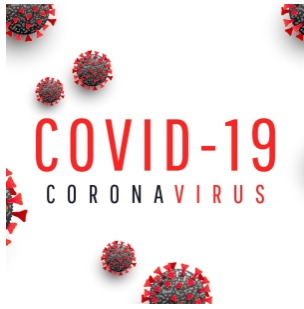
Federal Student Loan Borrowers Get Expanded Relief in CARES Act 5

CARES Act: Retirement Plan Relief Provisions 7

CARES Act Provides Relief to Individuals and Businesses 8

Small Businesses Eligible for Numerous Relief Programs During COVID-19 Crisis 10





The FTC has received over 20,000 COVID-19 related complaints since January 1, 2020.

Source: Federal Trade Commission, April 2020

Watch Out for Coronavirus Scams

Fraudsters and scam artists are always looking for new ways to prey on consumers. Now they are using the same tactics to take advantage of consumers' heightened financial and health concerns over the coronavirus pandemic. Federal, state, and local law enforcement have begun issuing warnings on the surge of coronavirus scams and how consumers can protect themselves. Here are some of the more prevalent coronavirus scams that consumers need to watch out for.

Schemes related to economic impact payments

The IRS recently issued a warning about various schemes related to economic impact payments that are being sent to taxpayers under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.¹ The IRS warns taxpayers to be aware of scammers who:

- Use words such as "stimulus check" or "stimulus payment" instead of the official term, "economic impact payment"
- Ask you to "sign up" for your economic impact payment check
- Contact you by phone, email, text or social media for verification of personal and/or banking information to receive or speed up your economic impact payment

In most cases, the IRS will deposit the economic impact payment directly into an account that taxpayers previously provided on their tax returns. If taxpayers have previously filed their taxes but not provided direct-deposit information to the IRS, they will be able to provide their banking information online at irs.gov/coronavirus. If the IRS does not have a taxpayer's direct-deposit information, a check will be mailed to the taxpayer's address on file with the IRS. In addition, the IRS is reminding Social Security recipients who normally don't file taxes that no additional action or information is needed on their part to receive the \$1,200 economic payment — it will be sent to them automatically.

Fraudulent treatments, vaccinations, and home test kits

The Federal Trade Commission is tracking scam artists who are attempting to sell fraudulent products that claim to treat, prevent, or diagnose COVID-19. Currently, the U.S. Food and Drug Administration (FDA) has not approved any products designed specifically to treat or prevent COVID-19.

The FDA had warned consumers in March to be wary of companies selling unauthorized coronavirus home testing kits. On April 21, 2020, the FDA authorized the first coronavirus test kit for home use. According to the FDA, the test kits will be available to consumers in most states, with a doctor's order, in the coming weeks. You can visit fda.gov for more information.

Phishing scams

Scammers have begun using phishing scams related to the coronavirus pandemic in order to obtain personal and financial information. Phishing scams usually involve unsolicited phone calls, emails, text messages, or fake websites that pose as legitimate organizations and try to convince you to provide personal or financial information. Once scam artists obtain this information, they use it to commit identity or financial theft. Be wary of anyone claiming to be from an official organization, such as the Centers for Disease Control and Prevention or the World Health Organization, or nongovernment websites with domain names that include the words "coronavirus" or "COVID-19," as they are likely to be malicious.

Charity fraud

Many charitable organizations are dedicated to helping those affected by COVID-19. Scammers often pose as legitimate charitable organizations in order to solicit donations from unsuspecting donors. Be wary of charities with names that are similar to more familiar or nationally known organizations. Before donating to a charity, make sure that it is legitimate and never donate cash, gift cards, or funds by wire transfer. The IRS website has a tool to assist you in checking out the status of a charitable organization at irs.gov/charities-and-nonprofits.

Protecting yourself from scams

Fortunately, there are some things you can do to protect yourself from scams, including those related to the coronavirus pandemic:

- Don't click on suspicious or unfamiliar links in emails, text messages, and instant messaging services.

-
- Don't answer a phone call if you don't recognize the phone number — instead, let it go to voicemail and check later to verify the caller.
 - Never download email attachments unless you can verify that the sender is legitimate.
 - Keep device and security software up-to-date, maintain strong passwords, and use multi-factor authentication.
 - Never share personal or financial information via email, text message, or over the phone.
 - If you see a scam related to the coronavirus, be sure to report it to the FTC at [ftc.gov/complaint](https://www.ftc.gov/complaint).

¹ Internal Revenue Service, IR-2020-64, April 2, 2020





Federal Student Loan Borrowers Get Expanded Relief in CARES Act

On March 27, 2020, Congress passed the CARES Act, the largest economic stimulus bill in the history of the United States, in response to the coronavirus pandemic.¹ Included in the legislation are new rules for student loan relief that supersede the rules that were announced only a week earlier by the Department of Education. For more information on both sets of rules, visit the [federal student aid](#) website.

What new relief is being offered?

The new legislation provides a six-month *automatic* payment suspension (administrative forbearance) for any student loan held by the federal government. This six-month period ends on September 30, 2020. Borrowers do not need to contact their loan servicer to request a suspension; they will be automatically placed in administrative forbearance. Under the previous policy, the payment suspension was for two months and it was not automatic; borrowers had to contact their loan servicer to opt in.

The new stimulus legislation also provides a temporary incentive for employers to pay down their employees' student debt balances. Specifically, employers are able to contribute up to \$5,250 toward an employee's student debt through December 31, 2020 without any tax consequences for the employee.

What loans qualify for the suspension?

Only student loans held by the federal government are eligible. This includes Direct Loans (which includes PLUS Loans), as well as Federal Perkins Loans and Federal Family Education Loan (FFEL) Program loans held by the Department of Education. Private student loans are not eligible.

Will interest continue to accrue during the suspension period?

No. Interest will not accrue during the six-month suspension period. The interest rate is being set at 0%. Also, due to the Department of Education's earlier student loan relief rules, the interest rate on all eligible federal student loans is effectively set at 0% from March 13, 2020 through September 30, 2020.

What happens with auto-debit payments?

Auto-debit payments are suspended during the administrative forbearance period. Any auto-debit payments processed between March 13, 2020 and September 30, 2020 can be refunded. Borrowers should contact their loan servicer if they wish to request a refund.

Can borrowers keep making their student loan payments?

Yes. Borrowers can choose to keep making their monthly student loan payments during the six-month suspension period if they wish. Borrowers should contact their loan servicer to opt out of the administrative forbearance period and continue their auto-debit payments. Borrowers also have the option to make manual (i.e., not auto-debit) payments during the administrative forbearance period.

During this period of 0% interest, the full amount of a borrower's payment will be applied to principal (once all interest accrued prior to March 13, 2020, is paid). Borrowers can also choose to make partial payments during the suspension period.

A new 6-month suspension period

The massive economic stimulus legislation passed on March 27, 2020, in response to COVID-19 includes a new six-month automatic suspension of federal student loan payments, with no interest accruing during this period. The six-month period ends on September 30, 2020.



How will the suspension period affect the Public Service Loan Forgiveness Program?

Under the Public Service Loan Forgiveness (PSLF) Program, borrowers who work in an eligible public service job and make 120 on-time student loan payments are eligible to have the remaining balance on their federal Direct Loans forgiven.² Under the new legislation, the six-month freeze on student loan payments will not affect the 120-month running period for purposes of the PSLF program. In other words, each month of the suspension period will still count toward a borrower's 120-payment tally, even if the borrower does not make any payments during the six-month period.

How can borrowers contact their loan servicer?

A loan servicer is the company that handles a loan's billing and provides related services. Borrowers who want to contact their loan servicer for any reason should try to do so online or by phone. For borrowers who do not know who their loan servicer is or how to contact them, they can visit studentaid.gov/login or call 1-800-4-FED-AID for assistance.

1) Coronavirus Aid, Relief, and Economic Security Act (CARES Act) , enacted March 27, 2020

2) U.S. Department of Education, Office of Federal Student Aid, 2020





CARES Act: Retirement Plan Relief Provisions

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020. This \$2 trillion emergency relief package represents a bipartisan effort to assist both individuals and businesses in the ongoing coronavirus pandemic and accompanying economic crisis. The CARES Act provisions for retirement plan relief for individuals under federal tax law are discussed here.

For those seeking access to their retirement funds, these include special provisions for coronavirus-related distributions and loans. For those seeking to preserve their retirement funds, certain required minimum distributions from retirement funds have been suspended.

Coronavirus-related distributions

A 10% penalty tax generally applies to distributions from an employer retirement plan or individual retirement account (IRA) before age 59½ unless an exception applies. Due to the coronavirus pandemic, the penalty tax will not apply to up to \$100,000 of coronavirus-related distributions to an individual during 2020. Additionally, income resulting from a coronavirus-related distribution is spread over a three-year period for tax purposes unless an individual elects otherwise. Coronavirus-related distributions can also be paid back to an eligible retirement plan within three years of the day after the distribution was received.

What does "coronavirus related" mean?

For purposes of the distribution and loan rules described here, "coronavirus related" applies to individuals diagnosed with the illness or who have a spouse or dependent diagnosed with the illness, as well as individuals who experience adverse financial consequences as a result of the pandemic. Adverse financial consequences could include quarantines, furloughs, and business closings.

Loans from qualified plans

Qualified plans such as a 401(k) can allow an employee to take out a loan. These loans can generally be repaid over a period of up to five years. They're also generally limited to the lesser of \$50,000 or 50% of the total benefit the employee has a right to receive under the plan. However, for a coronavirus-related loan made between March 27, 2020, and September 22, 2020, the loan limit is increased to \$100,000 or 100% of the amount the employee can rightfully receive under the plan (whichever amount is less). In the case of a loan outstanding after March 26, 2020, the due date for any repayment that would normally be due between March 27, 2020, and December 31, 2020, may be delayed by coronavirus-related qualifying individuals for one year, and the delay period is disregarded in determining the five-year period and the term of the loan.

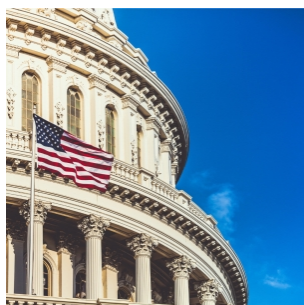
Most required minimum distributions (RMDs) suspended for 2020

RMDs are generally required to start from an employer retirement plan or IRA by April 1 of the year after the plan participant or IRA owner reaches age 70½ (age 72 for those who reach age 70½ after 2019). If an employee continues working after age 70½ (age 72 for those who reach age 70½ after 2019), RMDs from an employer retirement plan maintained by the current employer can be deferred until April 1 of the year after retirement. (RMDs are not required from a Roth IRA during the lifetime of the IRA owner.) RMDs are also generally required to beneficiaries after the death of the plan participant or IRA owner. A 50% penalty applies to an RMD that is not made.

The CARES Act suspends RMDs from IRAs and defined contribution plans (other than Section 457 plans for nongovernmental tax-exempt organizations) for 2020. This waiver includes any RMDs for 2019 with an April 1, 2020, required beginning date that were not taken in 2019. This one-year suspension does not generally affect how post-2020 RMDs are determined.

For those seeking access to their retirement funds, there are special provisions for coronavirus-related distributions and loans.

For those seeking to preserve their retirement funds, certain required minimum distributions from retirement funds have been suspended.



CARES Act Provides Relief to Individuals and Businesses

On Friday, March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law. This \$2 trillion emergency relief package is intended to assist individuals and businesses during the ongoing coronavirus pandemic and accompanying economic crisis. Major relief provisions are summarized here.

Unemployment provisions

The legislation provides for:

- An additional \$600 weekly benefit to those collecting unemployment benefits, through July 31, 2020
- An additional 13 weeks of federally funded unemployment benefits, through the end of 2020, for individuals who exhaust their state unemployment benefits
- Targeted federal reimbursement of state unemployment compensation designed to eliminate state one-week delays in providing benefits
- Unemployment benefits through 2020 for many who would not otherwise qualify, including independent contractors and part-time workers

Recovery rebates

Most individuals will receive a direct payment from the federal government. Technically a 2020 refundable income tax credit, the rebate amount will be calculated based on 2019 tax returns filed (2018 returns in cases where a 2019 return hasn't been filed) and sent automatically via check or direct deposit to qualifying individuals. To qualify for a payment, individuals generally must have a Social Security number and must not qualify as the dependent of another individual.

The amount of the recovery rebate is \$1,200 (\$2,400 if married filing a joint return) plus \$500 for each qualifying child under age 17. Recovery rebates are phased out for those with adjusted gross income (AGI) exceeding \$75,000 (\$150,000 if married filing a joint return, \$112,500 for those filing as head of household). For those with AGI exceeding the threshold amount, the allowable rebate is reduced by \$5 for every \$100 in income over the threshold.

Rebate Amounts and Phaseout Ranges

Filing Status	Payment Amount	Phaseout Threshold	Phaseout Completed
Married Filing Jointly	\$2,400	\$150,000	\$198,000
+ 1 Child	\$2,900	\$150,000	\$208,000
+ 2 Children	\$3,400	\$150,000	\$218,000
Head of Household	\$1,200	\$112,500	\$136,500
+ 1 Child	\$1,700	\$112,500	\$146,500
+ 2 Children	\$2,200	\$112,500	\$156,500
All Others	\$1,200	\$75,000	\$99,000

While details are still being worked out, the IRS will be coordinating with other federal agencies to facilitate payment determination and distribution. For example, eligible individuals collecting Social Security benefits may not need to file a tax return in order to receive a payment.

Retirement plan provisions

- Required minimum distributions (RMDs) from employer-sponsored retirement plans and IRAs will not apply for the 2020 calendar year; this includes any 2019 RMDs that would otherwise have to be taken in 2020
- The 10% early-distribution penalty tax that would normally apply to distributions made prior to age 59½ (unless an exception applies) is waived for retirement plan distributions of up to \$100,000 relating to the coronavirus; special re-contribution rules and income inclusion rules for tax purposes apply as well
- Limits on loans from employer-sponsored retirement plans are expanded, with repayment delays

The \$2 trillion emergency relief package represents a bipartisan effort intended to assist individuals and businesses during the ongoing coronavirus pandemic and accompanying economic crisis.

provided

Student loans

- The legislation provides a six-month automatic payment suspension for any student loan held by the federal government; this six-month period ends on September 30, 2020
- Under already existing rules, up to \$5,250 in payments made by an employer under an education assistance program could be excluded from an employee's taxable income; this exclusion is expanded to include eligible student loan repayments an employer makes on an employee's behalf before January 1, 2021

Business relief

- An employee retention tax credit is now available to employers significantly impacted by the crisis and is applied to offset Social Security payroll taxes; the credit is equal to 50% of qualified wages up to a certain maximum
- Employers may defer paying the employer portion of Social Security payroll taxes through the end of 2020 and may pay the deferred taxes over a two-year period of time; self-employed individuals are able to do the same
- Net operating loss rules expanded
- Deductibility of business interest expanded
- Provisions relating to specified Small Business Administration (SBA) loans increase the federal government guarantee to 100% and allow small businesses to borrow up to \$10 million and defer payments for six months to one year; self-employed individuals, independent contractors, and sole proprietors may qualify for loans

Prior legislative relief provisions

Signed into law roughly two weeks prior to the CARES Act, the Families First Coronavirus Response Act (FFCRA) also included relief provisions worth noting:

- Requirement that health plans cover COVID-19 testing at no cost to the patient
- Requirement that employers with fewer than 500 employees generally must provide paid sick leave to employees affected by COVID-19 who meet certain criteria, and paid emergency family and medical leave in other circumstances
- Payroll tax credits allowed for required sick leave as well as family and medical leave paid

There is likely to be a steady stream of guidance forthcoming with details relating to many of these provisions, so stay tuned for more information. We're here to help and to answer any questions you may have.





Small Businesses Eligible for Numerous Relief Programs During COVID-19 Crisis

Throughout March 2020, as it became increasingly evident that the economic impact from the COVID-19 pandemic would be both profound and prolonged, Congress passed several pieces of legislation with provisions to help small businesses shore up their coffers and keep employees on the payroll. Within a few weeks, initial funding for the two cornerstone programs, the Paycheck Protection Program and the Economic Injury Disaster Loan program, ran dry. Many of the nation's small businesses discovered they were shut out after submitting applications. On April 24, the president signed additional legislation, the Paycheck Protection Program and Health Care Enhancement Act, to increase the amount of aid available to small businesses during the crisis. However, industry insiders expect the funding to be depleted quickly once again.

Regardless of the status of these programs, business owners should familiarize themselves with all available aid to help ensure they are taking maximum advantage of the new laws, as well as other potential resources.

Programs administered by the Small Business Administration (SBA)

Paycheck Protection Program (PPP)

Details: As part of the \$2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act signed on March 27, 2020, the PPP was originally funded by a \$350 billion allocation. It is a first-come, first-served, forgivable loan program designed to encourage employers to keep paying all their employees, even if the businesses have been forced to shutter due to the virus. In order to take advantage of the program, small-business owners must submit an application to a participating lender, which then works with the Small Business Administration to guarantee the loan.

Loans can be for up to 2.5 times an employer's average monthly payroll for the last year (up to an annualized maximum of \$100,000 for each employee, \$10 million in total) and may be used for expenses incurred between February 15, 2020, and June 30, 2020.

Note: Seasonal or new businesses will use different time periods to calculate the loan amount.

Loans may be forgiven as long as the employer uses the proceeds for payroll, rent, mortgage interest, and utilities over an eight-week period from the date of loan issuance. At least 75% of the forgiven amount must be used for payroll. Forgiveness is based on the employer maintaining or rehiring employees by June 30, 2020, and restoring salary levels. The amount forgiven will be reduced if full-time headcount declines or if wages decrease more than 25%.

Amounts not forgiven will have to be paid back over a two-year period at a 1% interest rate. Loan payments will be deferred for six months, and no collateral or personal guarantees are required. Moreover, no fees may be charged, either by the federal government or the lender.

Eligible employers: Businesses that may apply include those with 500 or fewer employees (or, if more than 500, those meeting the SBA's industry size standard); accommodations and food services businesses that have multiple locations employing no more than 500 employees per location; certain nonprofits and veterans organizations; sole proprietors, independent contractors, and the self-employed.

Status: On April 16, 2020, after guaranteeing 1.6 million loans under the PPP, the SBA stopped accepting applications when the funding was exhausted. Subsequently, many small businesses complained that they were shut out of the program, while large restaurant corporations were able to secure tens of millions of dollars in loans. On April 23, the Treasury Department updated its [FAQ guidance](#) to address this issue, saying, "It is unlikely that a public company with substantial market value and access to capital markets will be able to make the required certification in good faith" that the loan is necessary to support the company's ongoing operations. As such, many large corporations have been returning their loan proceeds, and the Treasury Department has said that any such company that repays its loan by May 7 will be treated as if it had acted in good faith. On the same day, Congress passed the Paycheck Protection Program and Health Care Enhancement Act, allocating an additional \$310 billion toward the fund, \$60 billion of which will be designated for small, midsize, and community lenders. During an online panel discussion on April 24, Neil Bradley, executive vice president and chief policy officer of the U.S. Chamber of Commerce, recommended that small businesses that had previously applied for a loan but had not yet received approval should reach out to their lenders to ask about the status. He noted that funds are expected to run out quickly, and that further guidance is expected from the Treasury Department on various aspects of the loan program.

Related legislation

March 6, 2020: *Coronavirus Preparedness and Response Supplemental Appropriations Act*

March 18, 2020: *Family First Coronavirus Response Act*

March 27, 2020: *Coronavirus Aid, Relief, and Economic Security Act*

April 24, 2020: *The Paycheck Protection Program and Health Care Enhancement Act*

Economic Injury Disaster Loan (EIDL) program

Details: As part of the Coronavirus Preparedness and Response Supplemental Appropriations Act signed on March 6, 2020, Congress set aside additional funding for small-business disaster assistance. The EIDL program offers low-interest federal disaster loans to small businesses throughout the United States that suffer substantial economic injury due to COVID-19. Loans of up to \$2 million can be used for many different types of expenses, including payroll, accounts payable, fixed debts, real estate payments, and other bills. Interest rates are 3.75% for small businesses with no other available credit and 2.75% for nonprofits. Payment can be spread over long time periods, as much as 30 years. The program is scheduled to last through December 31, 2020.

Subsequently, a provision in the CARES Act allowed for EIDL loan advances of up to \$10,000 to small businesses facing a temporary loss of revenue. The loan advance does not have to be repaid (i.e., it is essentially a grant) and is intended to provide a much-needed influx of cash more quickly than the EIDL loans. These grants can be used to meet certain immediate expenses, including rent or mortgage and paying sick leave to employees affected by COVID-19.

Eligible employers: Businesses that may apply are those with fewer than 500 employees, including sole proprietors, independent contractors, and self-employed individuals affected by COVID-19. Businesses with more than 500 employees may be eligible if they meet the SBA's industry size standards.

Status: *This program was also put on hold earlier in April after initial funding was exhausted. Due to the Paycheck Protection Program and Health Care Enhancement Act, the program will receive an additional \$60 billion. Farmers and ranchers with 500 or fewer employees are now eligible for the EIDL program. As of this writing, the SBA website says, "SBA will resume processing EIDL loan and advance applications that are already in queue on a first-come, first-served basis. We will provide further information on the availability of the EIDL portal to receive new applications (including those from agricultural enterprises) as soon as possible."*

SBA Express Bridge Loan program

These loans allow small businesses that currently have a relationship with an SBA Express lender to quickly access up to \$25,000 to help replace a loss of revenue. They can be either term loans or used to bridge the gap while business owners await disbursement on an EIDL. The loans will be paid in full or in part by proceeds from the EIDL loan.

SBA Debt Relief program

The SBA will automatically pay the principal, interest, and fees of 7(a), 504, and microloans for six months for both current loans and new loans issued before September 27, 2020. The program also provides assistance to businesses that held an SBA-serviced disaster (home and business) loan that was in regular servicing status on March 1, 2020. The SBA is providing automatic deferments through December 31, 2020.

Note: *Interest on the disaster loans will continue to accrue during the deferment period. Borrowers who have set up an automatic payment program will need to cancel those payments if they choose to take advantage of the deferment program and will need to reestablish the automatic payments.*

Employee leave and associated employer tax credits

The Family First Coronavirus Response Act (FFCRA) signed on March 18, 2020, ushered in provisions designed to protect employees affected by COVID-19, while providing relief to their employers.

Family and medical leave

The Family and Medical Leave Act (FMLA) was expanded to cover employees who are unable to work due to a need to care for a child whose school or day care is closed, or whose provider is unavailable due to a "public health emergency." Employees will receive at least two-thirds of their regular pay, up to \$200 per day and \$10,000 over the benefit period. The first 10 days may be taken unpaid, but the employee may use other available paid leave during that time frame.

Up to 10 weeks of leave may be taken toward the family leave credit. The provision is in effect from April 1, 2020, through December 31, 2020, and applies to employees covered by Title I of the FMLA. Applicable employers include private businesses with fewer than 500 employees and all public employers.

Note: *Employers with fewer than 50 employees may be exempt if compliance would jeopardize the viability of the business. Health-care and first-responder employees may be excluded.*

Emergency paid sick leave

This provision covers qualified employees who are unable to work (or telework) because they are subject to a quarantine or isolation order, have been advised by a health-care provider to self-quarantine due to coronavirus concerns, or are experiencing symptoms of coronavirus and are seeking a medical diagnosis.



Employees will receive up to two weeks (80 hours) of their regular pay (or, if higher, the federal, state, or local minimum wage), up to \$511 per day for a maximum of \$5,110 over the benefit period.

An employee who is caring for someone with coronavirus, or caring for a child because the child's school or day care is closed or whose child-care provider is unavailable, may receive up to two weeks (80 hours) of sick leave at two-thirds of the employee's regular pay (or the federal, state, or local minimum wage, if higher), up to \$200 per day for a maximum of \$2,000.

The provision covers the same period as the expanded FMLA (April 1, 2020, to December 31, 2020) and applies to the same employers.

Note: Employers may exclude certain health-care workers and first responders. Small businesses with fewer than 50 employees are exempt from the requirement to provide paid sick leave to employees who are caring for their child due to the applicable reasons if compliance would jeopardize the viability of the business.

Associated tax credits

Eligible employers can receive a tax credit for the full amount of coronavirus-related sick and family leave, plus related health plan expenses and the employer's share of Medicare tax on the leave for the covered period. The refundable credit is applied against certain employment taxes on wages paid to all employees.

Self-employed individuals may be eligible for qualified sick leave equivalent tax credits (also for a maximum of 10 days):

- Lesser of \$511 or 100% of average daily self-employment income due to COVID-19 symptoms or a local quarantine/isolation order
- Lesser of \$200 per day or 67% of average daily self-employment income if caring for someone with coronavirus or caring for a child due to a coronavirus-related reason (including child's school closure)

Employee Retention Tax Credit

Employers whose operations have been partially or fully suspended due to mandated shutdowns, or whose gross receipts have experienced a significant decline year-over-year compared to 2019, are eligible for an employee retention credit equal to \$5,000 per employee (50% of up to \$10,000 in qualified wages, including health plan expenses) paid after March 12, 2020, and before January 1, 2021.

The credit applies against certain employment taxes on wages paid to all employees. Employers may reduce federal employment tax deposits in anticipation of this credit and may request an advance for any amounts not covered by this reduction.

Note: According to the U.S. Chamber of Commerce, businesses cannot take associated tax credits and receive a PPP loan.

Employer Payroll Tax Deferral

A CARES Act provision allows employers to defer the employer's share of Social Security taxes and self-employed individuals to defer payment of certain self-employment taxes. Deferrals may occur between March 27, 2020, and December 31, 2020.

Note: Businesses may not defer the deposit and payment of these taxes after the employer receives loan forgiveness under the PPP.

State, regional, and local assistance

In addition to the numerous federal initiatives, many states and localities are implementing their own programs. Small businesses in need of support should reach out to these agencies to research opportunities that may be available. The U.S. Chamber of Commerce has an [online resource](#) designed to help small-business owners investigate state programs.

Additional resources

For information on the Paycheck Protection Program, review the U.S. Treasury Department [Information Sheet](#). For more information on other SBA-backed programs, visit the [Small Business Administration](#). For more information on coronavirus-related employer tax credits, visit the [IRS](#).

Finally, the U.S. Chamber of Commerce has launched the Save Small Business Initiative, a nationwide program to provide supplemental funding, resources and webinars, research, and advocacy to support small businesses affected by the COVID-19 crisis. For more information, visit the [Save Small Business Initiative website](#).

Sources: U.S. Department of the Treasury; Small Business Administration; Kaiser Family Foundation; National Federation of Independent Businesses; *Inc.* magazine; U.S. Chamber of Commerce; and *The Wall Street Journal*



IMPORTANT DISCLOSURES Broadridge Investor Communication Solutions, Inc. does not provide investment, tax, legal, or retirement advice or recommendations. The information presented here is not specific to any individual's personal circumstances. To the extent that this material concerns tax matters, it is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding penalties that may be imposed by law. Each taxpayer should seek independent advice from a tax professional based on his or her individual circumstances. These materials are provided for general information and educational purposes based upon publicly available information from sources believed to be reliable — we cannot assure the accuracy or completeness of these materials. The information in these materials may change at any time and without notice.



James V Sadrianna, PA
James Sadrianna, CPA
CPA
7441 Haddington Cove
Lakewood Ranch, FL 34202
407-810-8595
james@jamesvsadriannapa.net
jamesvsadriannapa.com

