

## **Corona Virus Related Financial Topics to Consider**

We continue to follow the progress of all the financial Corona Virus related topics and are sharing this information with all of you.

We have prepared a more concise summary of the most relevant topics and areas you should be focusing on. We feel this will give you a quick snapshot and help you focus on the areas important to you.

Please be advised that this is very new, in progress, and changing daily. Use this as a guideline, and feel free to contact your GEMRT team to help you navigate these elaborate issues or if you need help with any of this.

### **General Topics:**

**Income Taxes** – The April 15<sup>th</sup> deadline has been automatically extended to July 15<sup>th</sup>. This means no return will be considered late if filed by July 15<sup>th</sup>. No extension necessary until July. This applies to the payment of tax due also. Paying it by July 15<sup>th</sup> is the same as if you had paid it by April 15<sup>th</sup>.

**Estimated Taxes** – If you are required to make estimated tax payments, the due dates are April 15<sup>th</sup>, June 15<sup>th</sup>, September 15<sup>th</sup>, and January 15<sup>th</sup>. The April 15<sup>th</sup> and June 15<sup>th</sup> payments have also been extended to July 15<sup>th</sup>; however, as of now there are no other estimated payment tax extensions. This could mean you could have to make 3 estimated payments between July 15<sup>th</sup> and September 15<sup>th</sup>.

**Florida Annual Report** – This report which renews Corporations, LLCs and Limited Partnerships and it incurs a \$400 penalty if not renewed by May 1<sup>st</sup>. This deadline has been extended to June 30<sup>th</sup>.

**Business Interruption Insurance** – This is a very peculiar area and most policies have excluding language for this particular pandemic type situations. If you have this insurance, you may want to hire a professional to file the claim for you. They normally charge a percentage, but only if they collect.

**Lines of Credit** – If you have one, you may consider drawing on it, and depositing it in a different bank. During previous crisis banks have frozen lines of credit and you may want to have the money on your side. It will cost you some interest, so you may want to put it in an interest-bearing account to counter some of that cost. Some banks are on a NO new lending mode. Keep that in mind.

**Online Banking** – Verify your ability to use online banking. This may be the only way to access your funds during the upcoming weeks.

**American Express** – On a case by case basis Amex may allow you protected status, which means no interest and or pay over time. Please be advised they may ask you to stop using the card.

**Stock Market** – We do not advise on volatile products. Our only reminder is not to panic. It usually bounces back over time.

**Estate Planning** – This may be a good time for gifting for Estate tax planning purposes due to the depressed value of assets.

### **Financial Assistance:**

This is all very new and we are still learning the details as we write this. Still we wanted to give you some basic data.

**General Advice** – I know the first reaction is to apply and get whatever is available. This is all a moving target. It's ok to apply but make sure before you sign you are aware of all the ramifications and any last minute changes in the loans by the government.

**Loan Forbearance** – Some financial institutions are extending payments due for 180 days with or without interest. This is usually on a case by case basis, and you will need to request in writing. You may be able to do this on mortgage payments and equipment leases.

**Florida Small Business Emergency Bridge Loan** – \$50,000 (some exceptions up to \$100,000). Qualifying employer business with 2 to 100 employees. Loans will be interest-free for the loan term (1 year). The interest rate will be 12% per annum on the unpaid balance thereafter, until the loan balance is repaid in full. Loan default is subject to a normal commercial collection process.

Applications will be accepted by qualified Florida small businesses under this program through May 8, 2020, contingent on the availability of funds.

**US Small Business Administration Economic Injury Disaster Loans** – Up to \$2 million in assistance and can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing. These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact. The interest rate is 3.75% for small businesses. The interest rate for non-profits is 2.75%. SBA offers loans with long-term repayments in order to keep payments affordable, up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay.

**Payroll Tax Credit for Required Paid Family Leave** – The Emergency Family and Medical Leave Expansion Act requires employers with fewer than 500 employees to provide public health emergency leave under the Family and Medical Leave Act (FMLA), P.L. 103-3, when an employee is unable to work or telework due to a need for leave to care for a son or daughter under age 18 because the school or place of care has been closed, or the child care provider is unavailable, due to a public health emergency related to COVID-19. (Employers with fewer than 50 employees can be exempted from the requirement.) The credit is available for eligible wages paid during a period that begins on a date starting on a date within 15 days of enactment (to be designated by Treasury) and through Dec. 31, 2020. The credit would apply against the employer portion of Sec. 3111(a) old age, survivors, and disability insurance (OASDI) taxes or Sec. 3221(a) Tier 1 Railroad Retirement Act excise taxes. The credit is generally available for up to \$200 in wages for each day an employee receives qualified family leave wages. A maximum of \$10,000 in wages per employee would be eligible for the credit. The amount of the credit is increased by the amount of the Sec. 3111(b) Medicare tax imposed on the qualified family leave wages for which credit is allowed.

**One-time Stimulus Checks** – Congress has passed, and President Trump has signed a 2-trillion economic stimulus package. The Internal Revenue Service will base the payments on a person's adjusted gross income on his or her 2018 tax return (or their 2019 return if filed). It is a person's wages, dividends, capital gains and other income minus 401(k) payments, student loan interest and other deductions. The figure can be found in Box 7 on a person's 2018 federal 1040 tax return or Box 8b on 2019 returns.

- All Americans with an adjusted gross income below \$75,000 (or \$150,000 for a married couple) would receive the full amount: \$1,200 per adult or \$2,400 for a married couple, plus \$500 per dependent child.
- People with no income are eligible for the same amount — \$1,200 per adult and \$500 per dependent child.

- People whose income is entirely from nontaxable, means-tested programs — such as Supplemental Security Income benefits — are eligible.
- People who have been listed as a dependent on someone else's tax return — such as a young adult — are not eligible to receive a payment.
- Americans who make between \$75,000 and \$99,000 (or married couples making between \$150,000 and \$198,000) are eligible for a portion of the payment. The rebate amount is reduced by \$5 for each \$100 in income over \$75,000 (or \$150,000 for a married couple.) The amount per child is not adjusted by income, but is only available to parents with income of \$99,000 or less and married couples with income of \$198,000 or less.

Payments could arrive in as early as three weeks for people who have already set up direct deposit with the IRS, which is about 50% of Americans, according to Treasury Secretary Steve Mnuchin. Others may have to wait weeks or even months to see their money because it will take the IRS longer to get the paper checks printed. Prepaid debit cards may be sent out as an alternative.

**Paycheck Protection Loans** – Designed to help businesses cover near term operating expenses and provide a strong incentive for employers to retain their employees. It is intended as a partial revenue replacement program to allow deeply affected businesses to hibernate through a period of severe disruption without making drastic changes to their footprint.

The program includes a number of generous features for borrowers, including six months to one year of deferred repayment, fee waivers, and streamlined application requirements. Most importantly, borrowers are eligible for loan forgiveness equivalent to the sum spent on covered expenses during the eight-week period after the loan is originated. Those covered expenses include the bulk of a typical business's fixed operating costs: payroll, rent, utilities, and mortgage interest obligations. The forgivable nature of these loans in effect turns them into grants, meaning that qualifying businesses will not see a significant increase in their debt burdens. But to qualify for forgiveness, employers must maintain their pre-crisis level of full-time equivalent employees, or else face a reduction in forgiveness proportional to the reduction in headcount. Since many businesses have already been forced to make staffing reductions in response to vanishing customers and lost revenues, the legislation includes a clause that allows them to qualify for loan forgiveness if they have re-hired back to pre-crisis levels by June 30, 2020.

Maximum loan amount of \$10 million, calculated by multiplying the average total monthly payroll costs by 2.5.

**We hope this summary is helpful to you and please contact us if you need anything.**

**WE ARE HERE TO HELP!**