



# The Exclusive Coaching Program

Proven Systems ... Customized Advice ... Results

# Coronavirus Aid, Relief, and Economic Security (CARES) Act

- \$2 Trillion+ Bill
- Corporate Aid, State and Local Government Aid, Healthcare System Aid
- Small Business and Individual Taxpayer Aid

**Items To  
Help With**

**Items To  
Delegate**

**Many of you might personally benefit from this information**

---

**PREPARED,**  
**NOT SCARED**

**Disclaimer:**

**This is for Educational Purposes**



# Coronavirus Aid, Relief, and Economic Security Act “the CARES Act” *and other recent developments*

Robert S. Keebler, CPA/PFS, MST, AEP (Distinguished)

# Overview

- Notice 2020-17
- Notice 2020-18
- H.R. 6201 – Families First Coronavirus Response Act
- **H. R. 748 Coronavirus Aid, Relief, and Economic Security Act (CARES Act)**

# FIVE Critical Take-aways

- “Phase 2”: H.R. 6201 - Families First Coronavirus Response Act
  - Employer-side FICA tax credit to fund up 100% paid sick leave for small businesses
- “Phase 3”: H. R. 748, SEC. 1102 Coronavirus Aid, Relief, and Economic Security Act (CARES Act)
  - **Forgivable small business loans**
  - FICA tax credits for employee retention
  - Deferred employer-side FICA taxes
  - Income tax relief

# How Will This Information Help You

- Assurance regarding tax deadline extensions
- Protect small business and employees
  - Using new payroll tax credits to offset sick leave pay
  - Using new forgivable SBA loans to retain employees
- Use and manage retirement account funds
  - Special penalty free distributions – with repayment
  - Increased plan loan limits
  - RMD suspension
- Learn the income tax-relief used to support individuals & business

# Payment Deadline Extension

Notice 2020-17

- Interest & penalty free extension to pay until July 15, 2020
- Applies to 2019 tax due and 2020 estimated tax payments due April 15, 2020
- All individual filers (including trusts) can defer up to \$1,000,000
- C-Corporations can defer up to \$10,000,000 in tax due
- **SUPERCEDED BY NOTICE 2020-18**



# Deadline Extension

Notice 2020-18 / IR-2020-58

- Federal income tax filing deadline postponed to July 15 for taxpayers affected by the COVID-19 emergency
- Affected taxpayers do not have to file Forms 4868 or 7004 – the postponement is automatic
- Includes individuals, trusts, estates, and corporations
- Includes SECA tax
- There is no limit on the amount of payment that may be postponed tax and penalty-free
- **The relief is solely for:**
  - Income tax payments, including estimated tax payments due 4/15/20, and
  - 2019 federal income tax returns due 4/15/20

# Deadline Extension

Notice 2020-18 / IR-2020-58

- **IRS FAQ:**

- Clarifies eligibility generally
- Makes clear, that the taxpayer does not need to be sick, quarantined, or have any other impact to qualify
- Fiscal year taxpayers with return filings and payments due 4/15/20 also qualify
- NO relief for taxpayers with a due date other than 4/15 – i.e. no relief for those with due dates on 5/15 or 6/15
- NO relief for estate or gift tax returns – normal filing and payment due dates continue to apply
- Extensions to the normal extended due date of 10/15 must be filed with payment by 7/15
- Second quarter estimated payments remain due 6/15
- The 2019 IRA contribution deadline postponed to 7/15/20

# Deadline Extension

- It appears the following returns and payments are not extended:
  - Form 706
  - Form 709
  - Form 5227
  - Form 706-D
  - Form 706-T

Consider how hard it will be to compile these returns from your home office!

Notice 2020-17

Notice 2020-18 / IR-2020-58

# Deadline Extension

## Gift Tax

Form <b>8892</b> (Rev. August 2019) Department of the Treasury Internal Revenue Service	<b>Application for Automatic Extension of Time To File          Form 709 and/or Payment of          Gift/Generation-Skipping Transfer Tax</b> ► Go to <a href="http://www.irs.gov/Form8892">www.irs.gov/Form8892</a> for the latest information.	OMB No. 1545-1913
--	---	-------------------

**Before you begin:** Be sure that you have read the chart below to see if you must use Form 8892.

IF you...	AND you...	THEN...
file Form 4868 or Form 2350	do not expect to owe gift and/or GST tax	do not use Form 8892.
file Form 4868 or Form 2350	expect to owe gift and/or GST tax	use Form 8892-V, Payment Voucher, (below) to pay gift and/or GST tax.
need to extend the time to file Form 709	are not requesting an extension for your individual income tax return	use Form 8892. See instructions.

### Part I Identification

<b>Type or print</b>	1 Your first name and initial	Last name	2 Social security number
	Street address (or P.O. box if mail is not delivered to street address)		
	City, town, or post office; state; and ZIP code		

### Part II Automatic Extension of Time To File Form 709 (Section 6081)

If you are applying for an automatic 6-month extension of time to file Form 709 but are not applying for an extension of time to file your individual income tax return, check here. See instructions . . . . . ☐

If the donor died during the year, enter the date of death (mo., day, year)  .

# Tax Credits to Fund Paid Sick Leave

- Tax Credit for the Self-employed
  - 100% of a individual's sick-leave equivalent amount
  - 67% of a individual's equivalent amount for family leave



**H.R. 6201 - Families First Coronavirus Response Act**

# Payroll Protection Program

- Covered dates: 2/15/20 – 6/30/20
- Basic Eligibility:
  - Any business concern, non-profit, veterans organization or Tribal business
  - Not more than 500 employees; generally

H. R. 748, SEC. 1102

Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

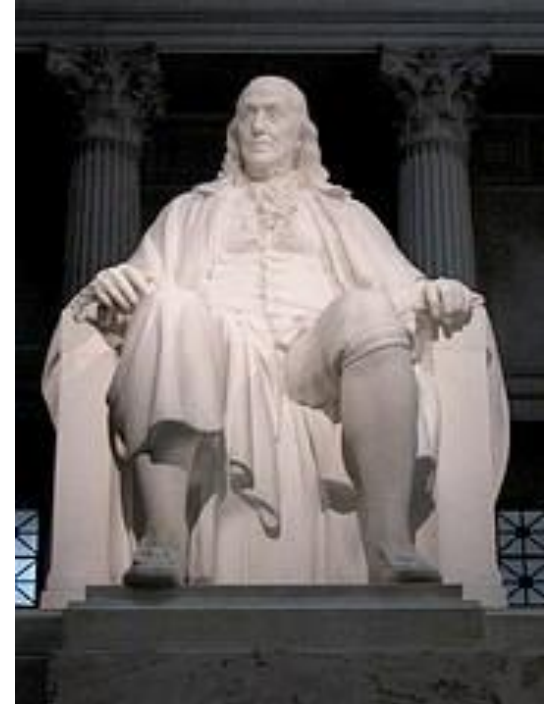
# Payroll Protection Program

- Eligibility Details:
  - Self-employed and independent contractors are eligible
  - Special eligibility for restaurants (basically) with not more than 500 employees per physical location

H. R. 748, the CARES ACT, SEC. 1102

# Payroll Protection Program

- Payroll Costs Include
  - Salary, wages, commissions
  - Tips
  - Paid leave
  - Healthcare payments
  - Retirement benefit payments
  - Some independent contractors



H. R. 748, the CARES ACT, SEC. 1102



# Payroll Protection Program

- Payroll Costs Do Not Include
  - Compensation of an individual employee in excess of an annual salary of \$100,000 as prorated for the covered period
  - Qualified sick leave wages for which a credit was allowed under section 7001 of the Families First Coronavirus Response Act
  - Qualified family leave wages for which a credit was allowed under section 7003 of the Families First Coronavirus Response Act

H. R. 748, the CARES ACT, SEC. 1102

# Payroll Protection Program

Average monthly Payroll + Mortgage Payments + Rent Payments + Payments on other debt obligations incurred within the 1 year period before the date on which the loan is made (Modified calculation for seasonal employers)

X 2.5

= Loan Cap

or \$10,000,000

H. R. 748, the CARES ACT, SEC. 1102

# Payroll Protection Program

- Loan cap computation special rules
  - Seasonal employers
  - Those with outstanding loans
  - New businesses

H. R. 748, the CARES ACT, SEC. 1102

# Payroll Protection Program

- Allowable use of covered loans:
  - Payroll costs
  - Group healthcare benefits
  - Employee salaries, wages, commissions, or similar
  - Payment of interest on any mortgage obligation
  - Rent
  - Utilities
  - Interest on any debt obligations incurred before the covered period

H. R. 748, the CARES ACT, SEC. 1102

# Payroll Protection Program

- No requirement that business is not able to obtain credit elsewhere
- Loans are **nonrecourse** – except if the proceeds are used for an unauthorized purpose
- No personal guarantee required
- No collateral required

The legislation may be internally inconsistent on this point.

**H. R. 748, the CARES ACT, SEC. 1102**

# Payroll Protection Program

- Good Faith Certification Required
  - The current uncertainty makes the loan necessary to support ongoing operations
  - The funds will be used to retain workers and maintain payroll or make mortgage payments, lease payments, and utility payments
  - No duplicative amounts

H. R. 748, the CARES ACT, SEC. 1102

# Payroll Protection Program

- Remaining Balance after Forgiveness
  - Guaranteed by the SBA
  - Maximum maturity of 10-years from the date on which loan forgiveness is applied for



H. R. 748, the CARES ACT, SEC. 1102

# Payroll Protection Program

- General terms

- INTEREST RATE: During the covered period, a covered loan shall bear an interest rate not to exceed 4 percent
- PAYMENT DEFERMENT: 6-12 month of deferment including principal, interest and fees
- ORIGINATION FEES: Lender reimbursed by the SBA

H. R. 748, the CARES ACT, SEC. 1102



# Payroll Protection Program

- SBA Disaster Loan Overlap
  - Economic injury disaster loans are also available from the SBA – the entire country is a declared disaster area
  - A recipient of a disaster loan is generally not barred from participating in the Payroll Protection Program

H. R. 748, the CARES ACT, SEC. 1102

# Payroll Protection Program

- **Loan Forgiveness** — Principal forgiven in an amount equal to the following costs incurred during the eight weeks after the loan is originated:
  - Payroll costs
  - Mortgage interest
  - Rent
  - Utilities



**H. R. 748, the CARES ACT, SEC. 1106**

# Payroll Protection Program

- Loan Forgiveness Reduction for FTE Employee Headcount:

*Forgiveness eligible costs* ×

$$\frac{\text{Avg.FTE Employees per Month During the Covered Period}}{\text{Avg.FTE Employees per Month Feb.15,2019 – June 30,2019}} =$$

*Forgiveness*

**H. R. 748, the CARES ACT, SEC. 1106**

# Payroll Protection Program

OR ALTERNATIVELY AT THE BUSINESSES ELECTION:

*Forgiveness eligible costs* ×

$$\frac{\text{Avg.FTE Employees per Month During the Covered Period}}{\text{Avg.FTE Employees per Month Jan. 1,2020 – Feb.29,2020}} =$$

*Forgiveness*

**H. R. 748, the CARES ACT, SEC. 1106**

# Payroll Protection Program

- Loan Forgiveness Taxability
  - Any amount forgiven is excluded from gross income

	<b>Cash Flow</b>	<b>Taxable Income</b>
Loan	\$ 1,000,000	\$ -
Salary Paid	(1,000,000)	(1,000,000)
Net	<u>\$ -</u>	<u>\$ (1,000,000)</u>

**H. R. 748, the CARES ACT, SEC. 1106**

# Emergency EIDL Grants

- Economic Injury Disaster Loans (EIDL)
- Basic Eligibility:
  - Any business concern, non-profit, veterans organization or Tribal business
  - Not more than 500 employees; generally
- A borrower can request an advance of **\$10,000** to provided within three days of applying

**H. R. 748, the CARES ACT, SEC. 1110.**

# Emergency EIDL Grants

- The advance can be used for: providing paid sick leave, maintaining payroll to retain employees, meeting increased material costs, making rent or mortgage payments, and repaying obligations which cannot be met due to revenue losses
- The advance does not need to be repaid, even if the loan is subsequently denied
- “Payroll Protection” loan forgiveness reduced by the advance

**H. R. 748, the CARES ACT, SEC. 1110.**

# Individual Tax Relief

- IRC § 6428 – 2020 Recovery Rebates for Individuals
  - Credit equal to the lesser of: (1) Net income tax liability or (2) \$1,200 (\$2,400 MFJ)
  - \$500 for each qualified child (under § 24(c))
  - Credit reduced by 5% of the amount of AGI which exceeds \$75,000 (\$112,500 HoH; \$150,000 MFJ)
  - No credits for non-resident aliens, dependents or trusts

**H. R. 748, the CARES ACT, SEC. 2201**



# Individual Tax Relief

- Recovery Rebates
  - Rebate treated as a 2019 payment
  - Refunds to be made as rapidly as possible
  - “No refund or credit shall be made or allowed under this subsection after December 31, 2020”
  - No overpayment interest
  - For those who have not yet filed a 2019 return, the rebates may be determined:
    - Using the taxpayers 2018 return
    - Or using the 2019 SSA-1099
  - Confirmation letters will go out after payments

H. R. 748, the CARES ACT, SEC. 2201

# Individual Tax Relief

- Retirement Plan Distributions
  - \$100,000 “coronavirus-related distribution” exemption from § 72(t)
  - A person:
    - diagnosed with COVID-19,
    - whose spouse is diagnosed with COVID-19,
    - who experiences adverse financial consequences as a result being quarantined, furloughed, or laid off or having work hours reduced, being unable to work due to lack of child care, closing or reducing hours of a business owned or operated or other factors determined by the Secretary

**H. R. 748, the CARES ACT, SEC. 2202**

# Individual Tax Relief

- Retirement Plan Distributions
  - Distributions must take place in 2020
  - Income from the distribution recognized ratably over a three year period
  - Amount distributed can be repaid over a three year period
  - Exemption from trustee-to-trustee rules and withholding rules

H. R. 748, the CARES ACT, SEC. 2202

# Individual Tax Relief

- Retirement Plan Loans
  - Applies to loans made within 180-days of enactment
  - Limit increased from \$50,000 to \$100,000
  - Limit increased to 100% of the balance from 50%
  - Outstanding loan repayment delayed due between enactment and year-end delayed one year

H. R. 748, the CARES ACT, SEC. 2202

# Individual Tax Relief

- Temporary Waiver of RMDs
  - RMDs are generally not required in 2020
  - Includes those with a 2020 RBD
  - Taxpayers subject to the 5-year rule can “skip” 2020



**H. R. 748, the CARES ACT, SEC. 2203**

# Individual Tax Relief

- IRC § 62(a)(22) – New Above-the-line Charitable Contributions Deduction
  - Beginning in 2020
  - Cannot itemize
  - \$300 Limit
  - Must be cash
  - Must be allowed under § 170
  - No Donor Advised Funds (DAFs)
  - Can't “double-up” with an itemized deduction

**H. R. 748, the CARES ACT, SEC. 2204**

# Individual Tax Relief

- Modification to Charitable Contribution Limitations
  - Individuals:
    - Percentage limitations eliminated (e.g. up to 100% of AGI is deductible)
    - Amount in excess of the contribution base can be carried over
    - Individuals partners or shareholders must make elections separately for contributions from partnerships or S-corporations

**H. R. 748, the CARES ACT, SEC. 2205**

# Business Tax Relief

- Charitable Contributions
  - Corporations:
    - Contributions cannot exceed the excess of 25% of the taxpayers taxable income (up from 10%)
  - Food inventory
    - 25% substituted for 15%

**H. R. 748, the CARES ACT, SEC. 2205**



# Business Tax Relief

- Employee Retention Credit
  - 50% of qualified wages up to \$10,000 (\$5,000 credit)
  - Credit against employment taxes and is refundable
  - Reduced for credits in Section 7001 and 7003 of the Families First Coronavirus Response Act
  - Eligible employers: (1) operations suspended by government (2) significant decline in gross receipts
  - Can't claim this credit and take the forgivable SBA loan –  
most small employers will opt for the forgivable loan

**H. R. 748, the CARES ACT, SEC. 2301**

# Business Tax Relief

- Delay of Employer Payroll Taxes
  - Payroll tax deposits delayed until the applicable date
  - **Exception for taxpayers which had indebtedness forgiven by the Paycheck Protection Program in Sec. 1102 & Sec. 1106**
  - Applicable Date
    - 12/31/2021: 50% of the amount due
    - 12/31/2022: the remaining amount due
  - Includes 50% of SECA taxes

No interest loan  
from the IRS for  
over 20 months!

**H. R. 748, the CARES ACT, SEC. 2302**

# Business Tax Relief

- NOL Modifications: § 172(a)

	Existing	CARES Act
- 2015	Generally not amendable in 2020	
2016	<ul style="list-style-type: none"> <li>• 3-year carry-back</li> <li>• 20-year carry-forward</li> </ul>	<ul style="list-style-type: none"> <li>• 3-year carry-back</li> <li>• Indefinite carry-forward</li> <li>• NO 80% cap</li> </ul>
2017		
2018	<ul style="list-style-type: none"> <li>• No carry-back of current losses</li> <li>• Indefinite carry-forward of current losses</li> <li>• 80% of taxable income cap for currently claimed losses</li> </ul>	<ul style="list-style-type: none"> <li>• 5-year carry-back for current losses</li> <li>• Indefinite carry-forward</li> <li>• No 80% cap</li> </ul>
2019		
2020		<ul style="list-style-type: none"> <li>• 20-year carryforward NOLs before 1/1/18</li> <li>• PLUS the Lessor of: (1) all NOLs after 12/31/17, or (2) 80% of taxable income</li> </ul>
2021 +		

**H. R. 748, the CARES ACT, SEC. 2303**

# The Exclusive Coaching Program

Proven Systems ... Customized Advice ... Results

## Ideas for Existing Clients and Prospects



# New Tax Filing deadline

---

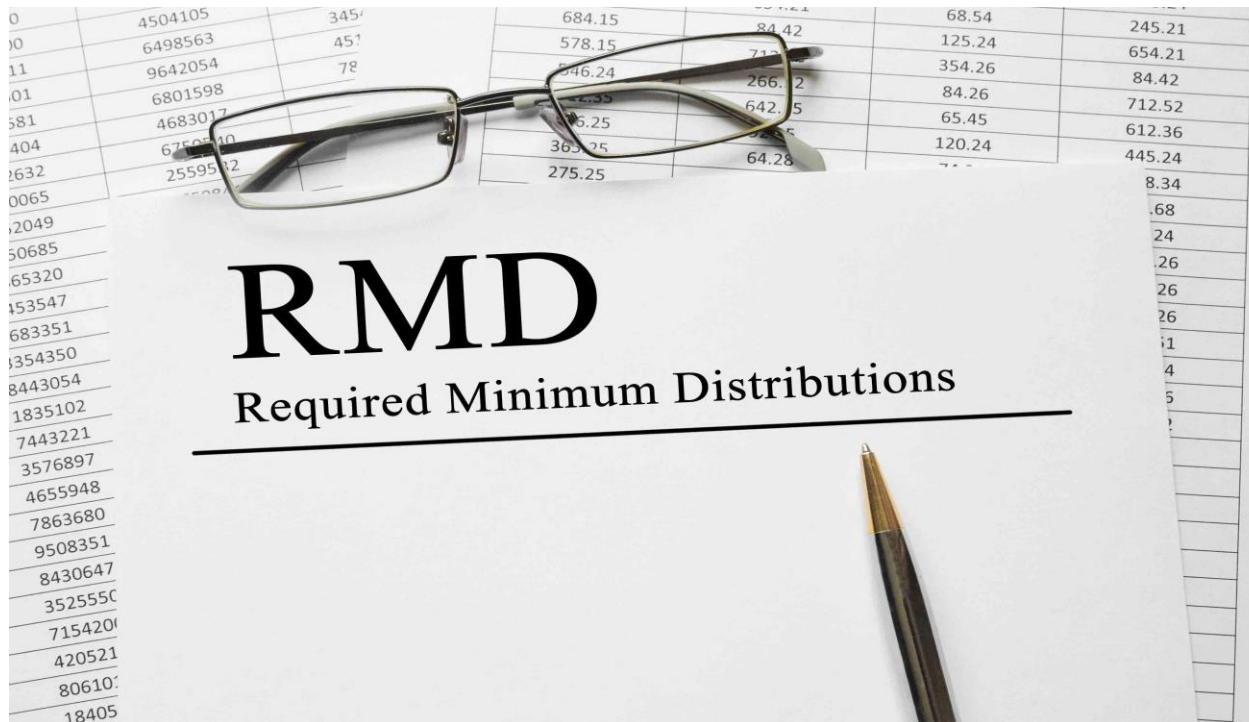
The Treasury Department and Internal Revenue Service has changed the federal income tax filing due date is automatically extended from **April 15, 2020**, to **July 15, 2020**.

You now have until **July 15, 2020** to make  
**2019 IRA or HSA Contributions.**

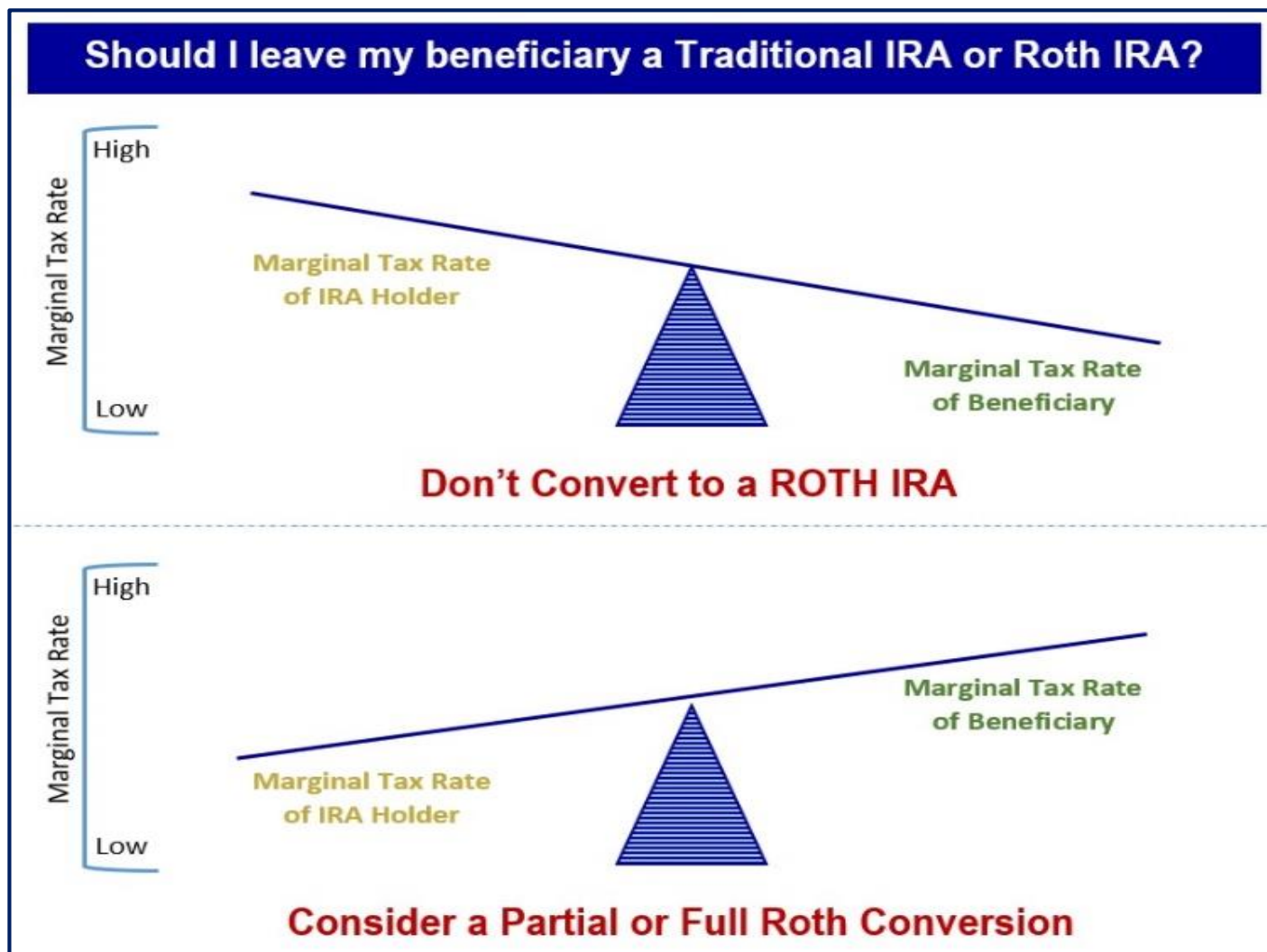
**Most States have changed their Deadlines as well, please check with the state in question for new dates and terms!**

# No RMDs for 2020

## CARES Act Waives Required Minimum Distributions From Retirement Accounts for 2020



# Where Applicable **STOP RMD** Distributions



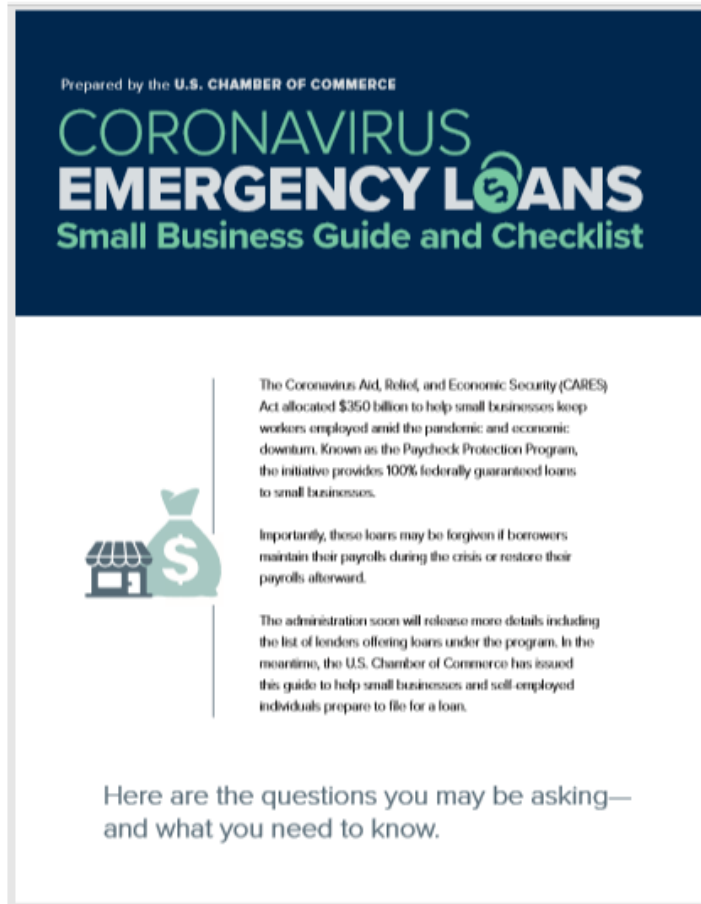
# Partial ROTH Conversions

## Benefits to this include:

- Any amount converted removes those funds from your IRA, lowering the balance that will be subject to future RMDs, and in turn lowers your income and tax bill for future years. Lowering your income in the future could also lower the tax on your Social Security benefits and lower your Medicare IRMAA (income related monthly adjustment amount) surcharges.
- Also, after the funds are in your Roth IRA, there are no more lifetime RMDs, and anything you withdraw will likely be tax free.
- The Roth funds will be able to pass income tax-free to your beneficiaries.
- If your market values have dropped, then, any future growth will accumulate tax free to you in your Roth IRA. If the market advanced from here while the funds remained in your traditional IRA, then those gains would be eventually taxed.



# Offer **INFORMATION** on Loans



Provide some information that **COULD** possibly help , but **Delegate the work to CPA's**

**This is available  
on our website!**

# Tax Swap Where Possible



# Rebalance as necessary

## Rebalance-

60/40 is no longer 60/40

60%  
Equities

40% Bond



# Now is when Clients Need to hear from you!

---

PICK UP THE



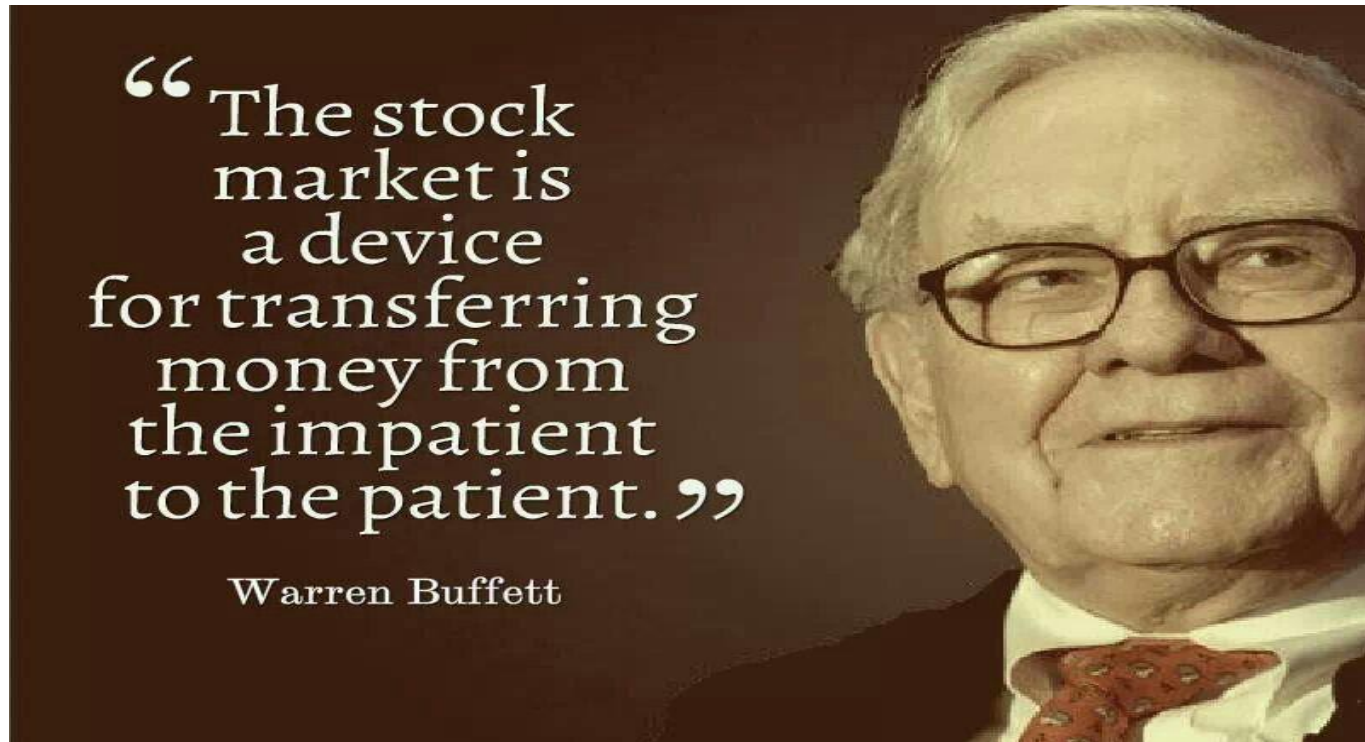
AND MAKE SOMETHING HAPPEN





# Now is when Clients Need to hear from you!

**Panic and Bad Decisions have created more harm for investors than any virus or market downturn!!**



# Use the Tools You Already Have !



# Questions



Thank you