

COVID-19 Impact on your Taxes and Business

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(most recent notices listed first below)

June 5, 2020

President Donald Trump signed a bill today 06/05/2020 to give recipients of government small business loans – PPP Loan - during the coronavirus more flexibility in how they spend the money.

Trump said the legislation “will especially help restaurants, hotels and other businesses that have been very hard hit by the virus.”

The bill:

- Cuts the share of aid recipients need to use on payroll to 60% from 75%

- Allows businesses to use the money for 24 weeks instead of 8 week

- Extends a June 30 deadline for companies to rehire employees to December 31

- Gives loan recipients a longer period of time to repay the loans – 5 years instead of 2

- Lets companies receiving loan forgiveness defer payroll taxes

April 10, 2020

Second Estimated tax Payment normally due 06/15 is now moved to 07/15/2020

The Internal Revenue Service has been scrambling to make things easier for taxpayers in light of the COVID-19 pandemic, and now it's issued yet another notice related to this tax season that moves deadlines later. It's welcome relief for seniors and gig workers and many more. For CPAs trying to meet April 15 tax deadlines and to explain why second quarter estimated tax payments were due before first quarter payments, they can sigh in relief.

Notice 2020-23 confirms that all individuals, trusts, estates, corporations and other non-corporate tax filers, including Americans living abroad, get extra time until July 15 to file and pay federal income taxes.

April 1, 2020

A small business may be eligible for a grant SBA ECONOMIC INJURY DISASTER LOAN & EMERGENCY GRANT

Overview

The Coronavirus Aid, Relief, and Economic Security (CARES) Act temporarily expands eligibility for SBA economic injury disaster loans (EIDL) and provides an emergency advance of up to \$10,000 to small businesses and private non-profits harmed by COVID-19 within 3 days of applying for an SBA Economic Injury Disaster Loan (EIDL). To access the advance, you first apply for an EIDL and then request the advance. The advance does not need to be repaid under any

circumstance, and may be used to keep employees on payroll, to pay for sick leave, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent, and mortgage payments.

Eligibility

In addition to the entities that are already eligible for SBA disaster loans (small businesses, private non-profits, and small agriculture cooperatives), eligibility is temporarily expanded to include:

- Business entities with 500 or fewer employees:
- Sole proprietorships, with or without employees
- Independent contractors
- Cooperatives and employee owned businesses
- Tribal small businesses
- Private non-profits of any size.

Additionally, you must have been in business as of January 31, 2020. Expanded eligibility criteria and the emergency grants are only available between January 31, 2020 and December 31, 2020.

How to Apply

- You can apply for an EIDL online with the SBA.
- When you apply, you can request an emergency grant of \$10,000.
- The SBA will provide the grant within 3 days of receiving your application.
- You will not have to repay the grant, even if your application for a loan is denied.
- You can visit an SBA resource partner who can help guide you through the loan application process. You can find your nearest Small Business Development Center (SBDC) or Women's Business Center [here](#).

Can I apply for other SBA loan programs?

If you apply for an EIDL and the grant, you can still apply for a Paycheck Protection loan. However the amount forgiven under a Paycheck Protection loan will be decreased by the \$10,000 grant.

More Information

For more information about SBA loan programs, please visit the Small Business Administration. More information about small business programs in the CARES Act can be found on the U.S. Senate Committee on Small Business and Entrepreneurship website.

If you need additional assistance, please reach out to your local Small Business Development Center, Women's Business Center, SCORE chapter, or SBA District Office.

March 25, 2020 (2 of 2)

Extensions for 2019 Tax Returns

Also from "Frequently Asked Questions" IRS Notice 2020-18

Q12. What if I am unable to file my 2019 income tax return that would have been due on April 15 by July 15, 2020?

A12. If you are an individual, you can request an automatic extension to file your Federal income tax return if you can't file by the July 15 deadline. The easiest and fastest way to request a filing extension is to electronically file Form 4868 through your tax professional, tax software, or using the Free File link on [IRS.gov](https://www.irs.gov). Businesses, including trusts, must file Form 7004.

You must request the automatic extension by July 15, 2020. If you properly estimate your 2019 tax liability using the information available to you and file an extension form by July 15, 2020, your tax return will be due on October 15, 2020. To avoid interest and penalties when filing your tax return after July 15, 2020, pay the tax you estimate as due with your extension request.

March 25, 2020 (1 of 2)

Finally answers to the questions regarding the IRA and HSA Contribution deadline. From IRS website "Frequently Asked Questions regarding Notice 2020-18"

In a "nutshell" both your contributions to IRA and HSA accounts may be made by July 15th, 2020.

Individual Retirement Accounts (IRAs) and workplace-based retirement plans

Q17. Does this relief provide me more time to contribute money to my IRA for 2019?

A17. Yes. Contributions can be made to your IRA, for a particular year, at any time during the year or by the due date for filing your return for that year. Because the due date for filing Federal income tax returns has been postponed to July 15, 2020, the deadline for making contributions to your IRA for 2019 is also extended to July 15, 2020

Health Savings Accounts (HSAs) and Archer Medical Savings Accounts (MSAs)

Q21. Does this relief provide me more time to contribute money to my HSA or Archer MSA for 2019?

A21. Yes. Contributions may be made to your HSA or Archer MSA, for a particular year, at any time during the year or by the due date for filing your return for that year. Because the due date for filing Federal income tax returns is now July 15, 2020, under this relief, you may make contributions to your HSA or Archer MSA for 2019 at any time up to July 15, 2020.

March 21, 2020

Update for today -According to IRS NOTICE 2020-18
(IRS Notice 2020-18 supersedes Notice 2020-17)

NEW INFORMATION:

- BOTH returns and payments due April 15, 2020 are postponed to 07/15/2020 (this includes - individuals, trusts, estates, partnerships, associations, companies or corporations)

-There is NO limitation on the amount of the payment that may be postponed

-Payment for any other tax is NOT delayed per the notice (ie payroll, gift, estate, or excise taxes)

<https://www.irs.gov/pub/irs-drop/n-20-18.pdf> for those who would like to read the entire notice

ITEMS THAT ARE UNRESOLVED (imo):

-When to file an extension if you routinely file in October?

The comment from Mnuchin is "taxpayers can still request a six-month extension to file returns, like they could in any other year." I think best to file the extension 04/15. Payment can still be delayed to 07/15 - SET UP A REMINDER TO PAY

-Are IRA and H S A contributions for 2019, normally due by 04/15, also postponed to 07/15/2020?

The law states that contributions are to be made by the due date of the return NOT including extensions. The notice granted a postponement, does this constitute a moving of the due date? Some say yes, some say no. I would plan on making IRA and or H S A contributions by 04/15/2020. I will update this area once there is clarity.

OTHER:

Please know all the above is for Federal returns. States are implementing their own procedures and not all of them are following the Federal time line. You need to check!!!

If you are delaying your payments - taxes owed and/or your 1st estimated tax payment - SET UP A REMINDER TO PAY - after 07/15/20 penalties and interest will be charged and these can be onerous.

March 20, 2020

Returns are now due by 07/15/2020. Payments may also be extended further. I will give an "official update" once a new IRS Notice is issued. People who routinely extend until October 15th should probably still file an extension on 04/15. More to come...it is ever changing.

March 19, 2020

Yesterday, the IRS issued Notice 2020-17, providing additional guidance on the 90-day federal tax payment extension due to the coronavirus announced by the Treasury Secretary on March 17. On Tuesday we learned that the payment delay was available to people who owe \$1 million or less and corporations that owe \$10 million or less.

The IRS Notice provides the following new information:

- The 90-day extension deadline for payment is July 15, 2020.
- The \$1 million limit applies both to single filers and to married couples filing joint returns.
- The extension of the payment due date applies to taxpayers' 2019 income taxes due on April 15th as well as to federal estimated income tax payments due on that date that pertain to the 2020 tax year.
- BE AWARE— The amount eligible for deferral is on an aggregated basis. For example, an individual with a 2019 income tax liability and a 2020 estimated tax payment liability can only defer up to \$1 million on a combined basis. And, the June 15th estimated tax payment has not yet been extended.
- Income taxes owed by trusts and estates on April 15th appear to be included in the 90-day payment extension.
- This deferral only applies to federal income taxes. For example, it does not apply to payroll, gift, estate, excise, or state income taxes. States may choose to conform to the federal deferral.
- So far, the IRS hasn't offered relief to businesses that may have missed a March 16th deadline for some returns.

Note that this extension is for the payment of taxes owed—not for filing your return. The April 15th filing deadline remains unchanged as of now. Taxpayers still have the option of filing a Form 4868 automatic 6-month extension for filing their 2019 Form 1040, but taxes owed must be paid in 90 days to avoid interest and penalty assessments.

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