Many of us own a business and have applied for various funding opportunities. Please remember, the Payroll Protection Plan (PPP) deadline to submit a request for forgiveness has been moved, see below.

**PPP - Things to Remember:**

The timeframe for applying for loan forgiveness in your promissory note no longer applies. You now have more time to gather your documents and prepare your application.

* **Extends the covered period**. The covered period begins on the date you receive your loan and ends 24 weeks (168 days) later, or Dec. 31, 2020, whichever is earlier. Borrowers who received a PPP loan before June 5, 2020 (the effective date of the PPP Flexibility Act) may elect to use their original covered period (eight weeks after their loan was received). For details on the covered period or alternative covered period, [check out our FAQs on loan forgiveness](https://www.paychex.com/business-loans/loan-forgiveness-estimator#faq).
* **Loan forgiveness.** Amends SBA rule requiring that not more than 40% of the borrower’s loan forgiveness amount could be attributed to non-payroll costs. If a borrower uses less than 60% of the loan amount for payroll costs during the forgiveness covered period, the borrower will continue to be eligible for partial loan forgiveness, subject to at least 60% of the loan forgiveness amount having been used for payroll costs.
* **FTE Salary/Hourly Wage Re-Hire safe harbors.**Extends the time a borrower can qualify for the FTE and Salary/Hourly Wage reduction safe harbors from June 30, 2020 to Dec. 31, 2020 if they fully restore FTEs and/or salary/hourly wages. The Act also created a new FTE Reduction Exemption that provides loan forgiveness will not be impacted if the FTE reduction was due to being unable to re-hire employees (or hire similarly qualified employees) or return to pre-COVID-19 business activity.

Are you an employer? How has COVID 19 impacted the workforce? As an employer you are required to display various Department of Labor’s posters to ensure your employees know their rights. [Click here to get more details.](https://webapps.dol.gov/elaws/posters.html)

**Other Funding Options:**

**Charlotte North Carolina** – [Foundation For The Carolina](https://www.fftc.org/CLTcitygrant): https://www.lisc.org/covid-19/small-business-assistance/small-business-relief-grants/lowes/

Deadline is

Below are three websites set up to provide information to small businesses:

[**SupportCLT.com**](http://www.supportclt.com/)contains applications, forms and links to valuable information, loans and grants.

[**ReadyCLT.com**](http://readyclt.com/) provides a timeline and metrics to the phases of reopening. information by business type and employer health guidelines.

[**CharlotteOpenForBusiness.com**](http://charlotteopenforbusiness.com/)walks you through the process to apply for the Access to Capital Grant provided by the City of Charlotte.

**United States** – Payroll Protection Plan: The [PPP Flexibility Act](https://docs.house.gov/billsthisweek/20200525/BILLS-116hr7010-SUS.pdf)modifies certain provisions related to the forgiveness of loans under the PPP, allowing recipients of loan forgiveness under the PPP to defer payroll taxes. A PPP loan is intended to provide small businesses with funds to hold on to current employees and bring back workers who have been laid off or furloughed, even if their business isn’t fully re-opened during the COVID-19 pandemic. Employers with 500 employees or fewer can access the loans through the Small Business Administration (SBA) to use on payroll and operating costs.

The funds can be used to pay any eligible expenses incurred during the period beginning on the date the lender makes the first disbursement of the PPP loan to the borrower. Eligible expenses include payroll costs and non-payroll costs (mortgage interest, rent, insurance premiums, and utilities).

Deadline to apply is August 8, 2020

**COVID 19 – Other Tax Updates**

There are individuals unable to pay for mortgage and going into foreclosure. The government has made provision for the amount to be excluded from income. The **Disaster Act** *extends* this **exclusion** for **three years** with an **effective date** *retroactive* to **January 1, 2018**. The original provision was created as a result of the **2007 Mortgage Relief Act** as a temporary provision and was only supposed to be effective for **2007** and **2008**. Before **2007** ended it was extended to **2010**. The mortgage forgiveness **exclusion** only applies with respect to a taxpayer’s **principal** residence. Therefore, while interest for a taxpayer’s second home may be deductible, any debt forgiven with respect to a taxpayer’s second home is not excludible from the taxpayer’s gross income. As a result of the *retroactive* date of **January 1, 2018**, taxpayers may **amend** their **2018**, **Form 1040** for any **Qualified Principal Residence Indebtedness** included in gross income in **2018** that was discharged, whether it was because of foreclosure by the bank, or abandonment by the homeowner, or whether just a reduction in the debt by the lender

For tax years *beginning before* **January 1, 2019**,provides that individual taxpayers can claim itemized deductions for unreimbursed medical expenses to the extent that such medical expenses *exceeded* **7.5%** of their **AGI**. In order to claim the **Medical Deduction**, taxpayers must *elect* to *itemize* their deductions on **Schedule A** of IRS **Form 1040** instead of claiming the amount of the allowed Standard Deduction based on their filing status. **Act**

**Failure to File Penalty Increased for Late Income Tax Returns**

Under pre-SECURE Act law, provides that unless a taxpayer can show that the failure to file an income tax return is due to reasonable cause, if a return is filed more than 60 days after its due date, then the failure to file penalty may not be less than the lesser of :

1. $205 or

2. 100% of the amount required to be shown as tax on the return.

If a penalty for failure to file and a penalty for failure to pay tax shown on a return both apply for the same month, then the amount of the penalty for failure to file for the month is reduced by the amount of the penalty for failure to pay tax shown on a return.

New Law: Now provides that for returns where the due date (including extensions) is after December 31, 2019, the SECURE Act increases the failure to file penalty to the lesser of:

1. $400 or

2. 100% of the amount of the tax due.

as amended by the SECURE Act Sec. 402.

This means that the increased penalty is for 2019 returns being filed in 2020. For tax years after 2020, the penalty is increased to the lesser of $435 or 100% of the amount of the tax due.

Thank you for allowing us at Diverse Community Partners, Inc to serve you and your family. If there is any way we can support you please, send an email.