



## Update from Heveron & Company, CPAs

**New York State has recognized us as an essential business, so we are continuing to perform tax, audit and accounting services.**

Fortunately, our staff has experience working remotely and are doing just that. Our physical office has a skeleton crew, but our investments in technology and training over the years are allowing us to be fully functional.

We are going to **continue processing personal returns as though the date has not changed**, in the hopes that we can continue with our business as usual before too long.

Part of **our service to you will be to keep you reliably informed** of some of the incentives and other tax changes that will impact individuals, businesses and nonprofit organizations.

### **Economic Stimulus and Stimulus Checks**

- ✓ The Senate negotiated a bill which we *expect* the house will pass and the President will sign. As the bill is drafted, individuals with up to \$75,000 of income would receive \$1,200. Individuals with incomes up to \$99,000 would be eligible for a smaller check. Joint filers with income not exceeding \$150,000 would receive \$2,400. Couples with income up to \$198,000 would receive a reduced amount. In each case these amounts would be increased by \$500 per eligible child

### **Delayed Filing/Delayed Payment**

- ✓ **IRS has delayed the filing and payment** date for 2019 personal income tax returns and for estimated payments that would normally be due on April 15, 2020. This includes C-Corporation returns normally due on April 15, 2020. A memo from the New York State assembly indicates that New York has also extended the due date.
- ✓ **There are benefits to filing before April 15.** You will get refunds quicker and be able to plan for payments that are due.

- ✓ Even though the April 15 estimated payment has been deferred to July 15, the June 15 **second estimated payment date has not been extended.**
- ✓ If you owe federal taxes you can simply defer the payment until July 15. That doesn't apply **if your return has already been filed**, has a payment due, and is set to be paid electronically. **Those payments will be withdrawn April 15.**
- ✓ The due date for calendar year-end **S-Corporation and Partnership returns (March 15) was not extended**, but other returns that have a regular or an extended due date of April 15, 2020 will be automatically extended to July.
- ✓ The deadline for making **IRA contributions has been extended to July 15.** Excise tax payments for early withdrawal from IRA and other retirement plans have also been extended to July 15. And, contributions to HSA and MSA plans can be made up until July 15, 2020.
- ✓ **Payroll and excise tax filing and payments have not been extended** nor have information returns, like form 1099.

IRS has some excellent resources in the form of commonly asked questions and answers <https://www.irs.gov/newsroom/filing-and-payment-deadlines-questions-and-answers> , and on their coronavirus resource page <https://www.irs.gov/coronavirus>

### **Other Incentives and requirements**

- ✓ There are also requirements and incentives, that would provide paid sick leave, free coronavirus testing and enhanced unemployment benefits.
- ✓ Payments of student loan interest on government held loans will be waived until further notice.
- ✓ HUD is suspending foreclosures and evictions on FHA insured mortgages.
- ✓ New York State is also requiring that foreclosures and evictions be suspended for three months.

### **SBA Disaster Assistance Loans**

- ✓ The Small Business Administration is offering low interest rate loans for working capital to small businesses and nonprofit organizations. Interest rates are 3.75% for businesses and 2.75% for nonprofits, and repayments can be for long terms, up to 30 years. Contact the SBA at <https://disasterloan.sba.gov/ela> to download loan applications and obtain additional information. You can also call the SBA at 800-659-2955.
  
- ✓ These loans can be used to pay regular bills, fixed payment loans, payroll, and other bills that cannot be paid because of the coronavirus impact.

### **Families First Coronavirus Response Act**

- ✓ This bill is designed to provide assistance to 2 categories of employees and self-employed individuals:
  - employees/self-employed individuals who are directly affected by Coronavirus-COVID-19, and
  - other individuals who are impacted because they need to care for family members who are impacted.
  
- ✓ The law **mandates sick pay /paid leave payments** to employees and provides financial incentives in the form of payroll tax relief, meaning employers can reduce federal payroll taxes that they would normally pay by the amount of sick pay they paid in compliance with these requirements.
  
- ✓ **Directly affected employees** are those that have been advised by a healthcare provider to self-quarantine, and individuals who are experiencing symptoms and obtain a medical diagnosis that they are affected by COVID-19, and individuals who have been quarantined by a federal, state or local agency. They will be eligible for pay at their regular rate, but not to exceed \$511 daily or \$5,110 in total.
  
- ✓ **Indirectly affected employees** who care for or assist an individual who is subject to an order or recommendation as described above, and employees who are caring for a child because of a school or daycare closure or because a child care provider is unavailable due to Covid 19, can receive pay at two thirds of their regular rate, but capped at \$200 daily and \$2,000 in total.

- ✓ These benefits are based on 80 hours of paid sick time for full-time employees. Part-time employees will receive benefits based on the average number of hours worked over a 2 week period.
- ✓ The bill comes with mandates for employers with fewer than 500 employees, to provide employees (employed for at least 30 days) with these benefits.
- ✓ ***Small Business Protection*** - Employers with fewer than 50 employees are eligible for an exemption from the requirements to provide leave to care for a child whose school is closed or childcare is unavailable in cases where the viability of the business is threatened.

**This bill is law. It takes effect on April 2 and expires December 31, 2020.**

#### **Family and Medical Leave Act**

- ✓ This act **provides an extension of benefits** after the first 10 days. Benefits are limited to \$200 per day with a maximum of \$10,000.
- ✓ **Employers can be reimbursed** for wages and for continued healthcare payments that they make. Credits are refundable if they exceed the employer's payroll tax. There are comparable credits for self-employed individuals. They can receive a credit for up to 50 days multiplied by the lesser of \$200 or 67% of their average self-employment income.
- ✓ An additional benefit is that **these wages will not be considered wages for FICA purposes.**

#### **Business Interruption**

- ✓ This certainly is a business interruption for all of us. Some organizations have business interruption insurance. We recommend that you reach out to your insurance agent to see if you may be eligible for any benefits under your policy.

**These laws are complex and new to all of us. We will do our best to pass along information as quickly as possible and help you navigate these laws/acts, etc. as these develop. We will be available for your questions. You may find that your payroll processing company and your insurance agent can also help with your questions.**