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COVID-19 RESOURCE UPDATE

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Summary:

Forgiveness - It'll take more than a confession and 10 Hail Mary's to achieve it.

Financial assistance for those in farming, ranching and forestry.

Stay safe and well everyone.

Glenn Burdette is here for you.

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Federal Stimulus: Forgiveness - Sharpen Those Pencils

- The SBA released detailed guidance on forgiveness, as well as the calculation. Here are the highlights:
 - There is a "**Loan Forgiveness Calculation Form**" that borrowers will be required to complete. It provides instructions and the calculation.
 - There is a "**Schedule A**" and instructions that walk you through the calculations you need in order to do the calculations on the Loan Forgiveness Calculation Form.
 - There is a "**Schedule A Worksheet**" that helps you do the calculations you need for Schedule A.
 - Hey, this sounds like a tax return! I'm excited - who's with me? (..crickets..)
 - There are now **two potential 8-week periods of measurement**.
 - For **non-payroll costs** like rent, utilities, and mortgage interest, the 8-week period begins with the date of funding (called the "**Covered Period**"). This beginning date cannot be changed for non-payroll costs.
 - For **payroll costs**, you can choose to start the 8-week period on the funding date or on the first day of the first pay period following the loan funding date (called the "**Alternative Payroll Covered Period**").
 - So if your loan funding date was April 20, and the first day of the first pay period after that is April 26, then the first day of the Alternative Payroll Covered Period is April 26 and the last day is June 20 (56 days later).
 - You would use that time period to accumulate your payroll costs.
 - But you would use April 20 - June 14 to accumulate your non-payroll costs.
 - Much simpler, right?
 - **So what if my expenses aren't actually paid in those windows of time?**
 - Good news on that front:
 - **Payroll costs** are eligible for forgiveness if they are paid or incurred in the period you chose from above.
 - Paid = the date paychecks are distributed or direct deposit originated.
 - Incurred = the date the employee's pay is earned

Regulatory Updates 5/22/20

Federal Stimulus: Still Crunching Numbers...

- Payroll costs incurred but not paid during the last pay period are eligible for forgiveness if they are paid on or before the next regular payroll date.
- **Non-Payroll Costs** must be paid in the Covered Period or incurred in the Covered Period and paid on or before the next regular billing date, even if that billing date is after the Covered Period.
 - So a utility bill that covers 20 days within the Covered Period and 10 days outside of the Covered Period may have 2/3 of the cost eligible for forgiveness, even if paid after the Covered Period.
 - Keep your documentation!
- **And now for the painful part**
 - The steps to determine if you have loan forgiveness reduction are tedious.
 - The best case scenario is that you get back to the same number of FTE's by June 30 as you had in the comparative period, as well as on the wages side of things. This then eliminates all the FTE calculations and reductions you need to calculate.
 - But if that is not the case, follow the instructions provided on the forms. You can do it. We're here to help.
 - We've been testing out calculators, but the user-friendliness of them is not ideal.
 - Some of this may still change because...
- **The House has proposed numerous changes to the Paycheck Protection loans** under the Paycheck Protection Flexibility Act. If agreed to by Congress and the President, changes could include:
 - Extension of the 8-week covered period; 
 - Eliminating restrictions on the 25% limitation for non-payroll expenses; 
 - Change the two year loan term; 
 - Allow PPP borrowers to also take payroll tax deferrals 
 - Extend the June 30 rehiring deadline 



Other Updates 5/22/20

Food Assistance Program for Farmers and Ranchers

- The USDA released the final ruling on how the "Price Loss Coverage Program" will work.
 - This is a \$19B program provided by the Coronavirus Food Assistance Program.
 - Shareholders of agricultural producers can get up to \$250K each if they qualify.
 - Qualifications include:
 - Your crop or commodity declined in price by 5% or more from mid-January to mid-April 2020 (almost all due and they've already measured it for you),
 - In addition to crops it includes cattle, livestock, and more.
 - Adjusted gross income limitations, which are waived if at least 75% of the AGI is derived from farming, ranching or forestry related activities.
 - The USDA will begin taking applications May 26.
 - Find more information here: <https://www.farmers.gov/cfap>

IRS Assistance - Talk to an IRS Representative

- The IRS has added 3,500 telephone operators to answer calls about economic impact payments.
- If you haven't received your stimulus payment or have questions, give them a call. With 140 million payments sent out already, I'm sure 3,500 more phone lines will get you right thru.
- Maybe first try the "Get My Payment" section of their website. Just saying.
<https://www.irs.gov/coronavirus/get-my-payment>

Restrictions Easing

- Later Stage 2 is here in SLO County.
 - This means dine-in restaurants and destination retail are permitted to be open with modifications and precautions.
 - There are quite a few guidelines to follow.
 - ReadySLO has a great website that provides tool kits and self certification forms for business to use.
 - These also include "Open and Safe" signs to hang at your business to let the public know you've followed the guidelines.
 - Find this info at <https://www.emergencyslo.org/en/reopening.aspx>

Helpful Links

ReadySLO website - stay up to date in our community:

- <https://www.readyslo.org/en/index.aspx>

Judy Mahan and team at the Cal Poly SBDC are doing great things. Lots of great information here:

- <https://centralcasbdc.com/covid-19-resources-uc-merced-sbdc>

A good link to American Riviera Bank's blog on PPP loan updates

- <https://www.americanrivierabank.com/20200507/update-paycheck-protection-program-ppp>

IRS Coronavirus Website:

- <https://www.irs.gov/coronavirus>

SBA Loan Assistance:

- <https://www.sba.gov/disaster-assistance/coronavirus-covid-19>
- <https://disasterloan.sba.gov/ela>

EDD Corona Virus Updates:

- https://www.edd.ca.gov/about_edd/coronavirus-2019.htm

EDD Unemployment Claim Info:

- https://edd.ca.gov/Unemployment/Filing_a_Claim.htm

CDTFA (Sales Tax) Services:

- <https://www.cdtfa.ca.gov/services/covid19.htm>

State of California Business and Economic Development Website

- <https://business.ca.gov/coronavirus-2019/>

Department of Labor Information:

- <https://www.dol.gov/agencies/whd/pandemic/ffcra-questions>