

MARKOVITCH AND ASSOCIATES

Professional Accounting and Tax Services

Enrolled to Practice Before IRS

NEVADA:

1840 E Calvada Blvd STE 17
Pahrump, NV 89048
(775) 727-9109
(775) 727-9255 – Fax

FLORIDA:

Executive Center Suites
9800 4th St N STE 200
St. Petersburg, FL 33702
(727) 549-9109

Covid-19 Update – 3/30/2020

Congress, IRS and President Trump have been working on ways to help us all. Unfortunately not all entities are on board or up to date. This is a time of major confusion. I am sharing with you what I know at this time and will give you some steps to try to obtain the necessary help for you and your business.

LOANS TO HELP CASH FLOW OR LACK OF

- Be careful what you apply for – there are many scams out there at this time.
- Ask your bank if they are qualified to administer SBA Loans
- The State of Florida is offering a one year interest free loan BUT it must be backed by SBA and guarantees repayment or assumption after one year.
- SBA is offering loans to businesses- you must apply through a local bank
- The new bill just signed Friday March 27th includes a GRANT that is equivalent to 2 ½ months of certain expenses in your business and will be forgiven if you continue to employ your staff. For every employee you do not keep, the grant is changed to a loan by the % of employment.

PROBLEMS WITH THE ABOVE INFORMATION

- Most banks do not have any information yet on HOW to file for these programs.
- The new GRANT is not implemented yet through the banks yet.
- The banking institution and IRS have not implemented the proper software to apply for the help available by the new bill passed on March 27th

HELP WITH EMPLOYMENT AND TAXES

- There is a tax credit of the matching FICA (Social Security) that employers must pay. The new “credit” will allow you to hold off on that payment and gives you 2 years to repay it.
 - Problem – The Form 941 is not revised. The payroll companies and IRS have not come up with a way to put this on the form or how to track what you still owe.
- Part of the bill allows you to take an immediate deduction against your payroll tax liability for continuing to employ workers.
 - Problem – No one has yet figured out how to report this.

WHAT TO DO AT THIS TIME

- My suggestion is to compile all the necessary paperwork that is needed to apply for any loan or grant that is or will be available.
- Here is a list of what you will need:
 - 2 years of Corporate Tax Returns, if 2019 is not done then 2017 and 2018
 - 2 years of Personal Tax Returns, if 2019 is not done then 2017 and 2018
 - Personal Financial Statement – This lists all your personal assets and liabilities such as the value of your home, your mortgage, car loan, 401K value, credit card balances, etc.
 - Financial Statement for your business for 2019 if tax return is not done
 - Debt schedule for your business. List any loans, monthly payments and what it is for.
 - 6 months of bank statements – business or personal if you don't have a business account.
- Take this package to your banker and tell them you are applying for ANYTHING that is available to help small businesses including the GRANT. You are also applying for anything that comes available in the next few weeks. You want this on file and get in line for whenever loan/grant opportunities become available.

STIMULUS CHECKS

- \$1,200 for individuals, \$2,400 for married couples with additional \$500 for children under 17.
 - Qualifications – Single, AGI Line 7 on your 2018 Form 1040 or Line 8b on your 2019 Form 1040. If your 2019 return has been filed they will use 2019 information even if your 2018 was higher or lower. If your 2019 return is not filed they will use your 2018 return. It's my understanding that if you didn't file for 2018 as you weren't required to they will use your Social Security income.
 - The Adjusted Gross Income (AGI) referenced above must be below \$75,000 for Single and \$150,000 for married.
- These checks will be mailed to the last known address IRS has or will be direct deposited to the last banking information IRS has.
- No one is expecting this to happen for a minimum of 4 weeks as there is much to do with the government figuring this out. IRS is closed for most workers so they are operating on a skeleton crew. President Trump wants them sent out today and I personally don't see this happening for 1-2 months.

FILING AND PAYING DUE DATES

- IRS and "most" states have delayed the April 15th deadline to July 15, 2020.
 - This includes filing your personal return
 - Paying your taxes, even if you've already filed
 - Paying your estimated tax payment for 2020 that was due 4/15/2020. This does **NOT** include your June 15th payment as of now.
 - This does **NOT** include your payroll tax deposits.

RENT AND LOAN OBLIGATIONS

- Call your landlord and see if they can reduce your rent payment for the next 3 months without penalty
- If you have rentals, see if your insurance policy covers loss of rents
- Remember that landlords cannot evict for non-payment of rents; however that is only for a short period of time – 3 months as of now.
- Call your lenders and see if you can forgo any upcoming payments without penalty or additional interest.

UNEMPLOYMENT

- If you are a corporation and have paid yourself wages, you do qualify for unemployment benefits. The amount is not your normal salary but the government is adding an additional \$600/week through July 31, 2020.
- If you are self-employed you can also qualify for benefits even though you didn't pay into unemployment. The \$600/week also applies to you too.
- Filing for unemployment – Almost every state agency is closed to the public. The only option is to file on line or use their call center. The unemployment web sites are not handling this extra load and it's my understanding that it's a frustrating and almost impossible task. My advice, keep trying. Each state is attempting to employ more workers for the call centers and decrease the demand on-line.

PERSONAL NOTE

This is a very confusing and stressful time for **everyone**. Number 1 priority – **STAY SAFE**.

We will get through this if we stay calm. Even though the government, including state and local agencies, are working diligently to help us through this time, there is no perfect solutions to any of this. Don't be rash in your decisions, stop and think about the consequences. Please don't access all of your own emergency savings to save the ship. Try to keep paying your obligations and if the cash flow has stopped or become very low, think about your options first.

Please review the information that I am sending to you. If you still need assistance please contact Toni in my office either by phone or email (toni@kmarkovitch.com). We will keep a log and do our best to assist you in a timely fashion. Keep in mind that we are all in the same boat with these unprecedented times.

Kathy Markovitch