



COVID 19 Relief Programs

Coronavirus Aid, Relief and Economic Security Act

CARES Act

Quick Overview:

- ◆ Established March 27, 2020* — Updated April 9, 2020
- ◆ Provides a \$2.2 trillion stimulus package
- ◆ 880 pages long with numerous Divisions and Titles

Highlights:

Stimulus Checks

Adults	\$1,200 Each
Children under 17 years old	\$ 500 Each
Dependent over the age of 17	\$ 0

Phase Out

Filing Status	Under	Phaseout	Over
Single	\$ 75,000	\$ 99,000	\$ 99,000
Married filing Joint	\$150,000	\$198,000	\$198,000
Head of Household	\$112,500	\$136,500	\$136,500

Stimulus checks:

- ◆ Children and Dependents over 17 will not be receiving any money
- ◆ 2018 or 2019 tax returns must have been filed to receive payments
- ◆ Stimulus checks may become repayable on 2020 tax returns if income goes above phaseout amount
- ◆ Checks will be delivered by the same method tax refund checks are received—direct deposit or by mail.
- ◆ Checks are expected to arrive in April (if checks are mailed it may take longer)

Unemployment:

- ◆ 13 weeks has been added to all present and future claims of Unemployment benefits
- ◆ Federal Government gave money to individual states to manage on their own
- ◆ Federal government will add \$600 to the amount the states are offering
- ◆ Self-employed, Contractors and Gig-economy workers can apply/qualify for Unemployment benefits through the end of 2020

Retirement Accounts—Withdrawals and Loans *

- ◆ Up to \$100,000 can be withdrawn without penalty
- ◆ Loan amounts from 401(k)s have been increased to \$100,000
- ◆ Three years to pay back the loan; after that it will be taxed
- ◆ Loan payments due this year have been extended through 2020
- ◆ Requirement Minimum Distributions (RMD) have been waived for 2020

*All loans must be specifically related to Coronavirus Events

Tax Filings:

- ◆ The Federal and state (New Jersey) tax filing date has been extended to July 15th without having to file an extension
- ◆ Second quarter Sales and Payroll Tax as well as State and Federal estimated Q2 payment due on June 15th
- ◆ Tax resolution issues (OIC, Payment Plans, Liens, Appeals and more) have also been delayed
- ◆ Federal extensions can still be applied for moving business returns to September 15th and personal returns to October 15th
- ◆ Refunds are still being paid —and being paid quickly! File now if receiving a refund
- ◆ Business (1099) can defer the business portion of the payroll tax (SS 6.2%) for 2020 with half paid back in 2021 and half paid back in 2022
- ◆ Charitable Deductions—allows for \$300 even if you don't itemize for 2020
- ◆ 50% refundable tax credit for wages paid during COVID-19 crisis
 - ◇ Operations must have been affected
 - ◇ 50% reduction in gross receipts
 - ◇ All wages for employer with fewer than 100 employees
 - ◇ Only affected time for employers with over 100 employees—first paid from March 31—Dec. 31, 2020
- ◆ NOL for 2018,2019 and 2020 can now be carried back 5 years to help reduce past taxes and provide current relief
- ◆ Changes to the Loss Limitation for pass-through entities to help create opportunities to utilize excess business losses to create cash flow.
- ◆ Modifications to corporate ability to recover AMT credits
- ◆ Business interest limitation has been modified from 30% to 50% for 2019 and 2020 to help provide cash
- ◆ Ability to accelerate qualified improvement properties from 39 years to immediately. Amending prior taxes can increase cash flow.
- ◆ Suspending Excise Tax on alcohol used to produce hand sanitizer

SBA

ECONOMIC INJURY DISASTER LOAN & EMERGENCY GRANT

Note: You can apply for multiple programs as long as you are using different business expenses for each application

These loans have always been available after a Natural Disaster. This is the first time that a virus has been classified as a Natural Disaster making these loans available.

This is the first of the bills that was passed to help give low interest loans and relief to Small Businesses (less than 500 employees). If you applied before the Natural Disaster Declaration, your application may have been rejected. **Please re-apply.**

Loan Details

- ◆ Amounts up to \$2,000,000
- ◆ Fixed rate not to exceed 3.75% (2.75% for non-profits)
- ◆ Payments periods up to 30 years
- ◆ First Payment deferred for one full year

Coronavirus Aid, Relief, and Economic Security (CARES) Act

The first phase of the emergency relief approved by Congress on March 27, 2020. This allows for immediate temporary relief while waiting for the loans. Please note: Cannabis companies cannot apply for SBA Loans or Grants.

Part I - Grant Details

Apply at: www.SBA.gov/disaster

- ◆ Based solely on credit score and Personal Attestation
- ◆ Previous bankruptcies will not be cause for disqualification
- ◆ Qualifying for this emergency grant is not based on qualifying for future loans
- ◆ Must be in operation prior to January 31, 2020
- ◆ Who can apply? Sole Proprietors, independent contractors, tribal businesses, cooperatives and ESOPs with fewer than 500 employees. All non-profit organizations, including 501(c)6s can also apply.
- ◆ Loans smaller than \$200,000 can be approved without personal guarantees (not putting your home up as collateral like other SBA loans)
- ◆ If relief for payroll and other operating expenses is approved, \$10,000 can be received within three business days. Funds cannot be used to pay other debts.
- ◆ Access to other means of credit does not cause disqualification

Part II

Paycheck Protection Program Loan Guarantee

This is a second program being offered to help provide relief under the CARES Act.

Must apply through a lender and have been in operation prior to February 15, 2020

This program is offered to:

1. Small businesses with fewer than 500 employees
2. Select types of businesses with fewer than 1,500 employees
3. 501(c)3 non profit organizations with fewer than 500 workers
4. Select 501(c)19 Veterans' organizations
5. Self-employed, sole proprietors, freelance and gig economy works

Details:

- ◆ Max loan amount: \$10,000,000 or 2.5 times average payroll for employees making under \$100,000
- ◆ Max loan interest is 4%
- ◆ Terms up to 10 years
- ◆ No personal loan guarantees or collateral is required (no need to put your house or other assets up as collateral like other SBA loans)
- ◆ Payments can be deferred between 6 and 12 months
- ◆ Part of the this loan can be forgiven if used within the first 8 weeks on operating expenses, including:
 1. Payroll costs, excluding prorated amounts for individuals with compensation greater than \$100,000
 2. Rent—pursuant to a lease in force
 3. Utility Expenses—electric, gas, water, telephone, internet access and transportation
 4. Group health insurance premiums and other healthcare costs

Loan forgiveness is based on keeping employee head count and salaries consistent from the same time period of the previous year through June 30, 2020.

Families First Coronavirus Response Act (FFCRA):

Paid Sick Leave:

Employers may find themselves paying out of pocket before getting any relief. First, Family and Medical Leave Act (FMLA) means employers will need to calculate how much they would have paid and hourly employee based on the hours they would have worked. It can't be less than 2/3 of the employee's regular rate of pay or time (not to exceed \$200 per day or a total of \$10,000)

For full/part time employees, the average is to be calculated over a 2 week time frame. Employers will need to be paid their guaranteed rate and time or minimum wage (whichever is higher).

These facts can be altered based upon the reason for the leave time.

Some facts to consider that will have an impact due to:

- ◇ The employee taking leave to care for a family member
- ◇ Online learning for children means they are home from school and need child care
- ◇ Living in a quarantine zone
- ◇ Business is closed by choice or it is a required closure

An Employment Attorney or HR Consultant should be consulted to determine how this will affect you.

The tax relief will be tax credits on your 2020 tax filings in 2021.

Student Loans:

- ◆ Employers can contribute \$5,250 as a tax-free fringe benefit to employees
- ◆ Student Loan payments can be deferred until September 30,2020. This deferment does not count against loan forgiveness programs.

Unemployment:

- ◆ Money was given to states to manage on their own with some basic guidelines
- ◆ Federal Government will add \$600 to whatever the states are offering. This will last 4 months.
- ◆ Thirteen weeks has been added to all present and future claims for unemployment
- ◆ Self-employed, gig economy workers and contractors can apply/qualify for unemployment insurance through the end of 2020

Other SBA Programs

- ◆ **7(a) program** offers loan amounts up to \$5,000,000 and is an all-inclusive loan program deployed by lending partners for eligible small businesses within the U.S. States and its territories. The uses of proceeds include working capital; expansion/renovation; new construction; purchase of land or buildings; purchase of equipment, fixtures; lease-hold improvements; refinancing debt for compelling reasons; seasonal line of credit; inventory; or starting a business.
- ◆ **Express** loan program provides loans up to \$350,000 for no more than 7 years with an option to revolve. There is a turnaround time of 36 hours for approval or denial of a completed application. The uses of proceeds are the same as the standard 7(a) loan.
- ◆ **Community Advantage** loan pilot program allows mission-based lenders to assist small businesses in underserved markets with a maximum loan size of \$250,000. The uses of proceeds are the same as the standard 7(a) loan.
- ◆ **504** loan program is designed to foster economic development and job creation and/or retention. The eligible use of proceeds is limited to the acquisition or eligible refinance of fixed assets.
- ◆ **Microloan** program involves making loans through nonprofit lending organizations to underserved markets. Authorized use of loan proceeds includes working capital, supplies, machinery & equipment, and fixtures (does not include real estate). The maximum loan amount is \$50,000 with the average loan size of \$14,000.

www.SBA.gov/disaster



NJEDA Loan / Grant Programs

- ◆ [Small Business Emergency Assistance Grant Program](#) – A \$5 million program that will provide grants up to \$5,000 to small businesses in retail, arts, entertainment, recreation, accommodation, food service, and other services – such as repair, maintenance, personal, and laundry services – to stabilize their operations and reduce the need for layoffs or furloughs.
- ◆ [Small Business Emergency Assistance Loan Program](#) – A \$10 million program that will provide working capital loans of up to \$100,000 to businesses with less than \$5 million in revenues. Loans made through the program will have ten-year terms with zero percent for the first five years, then resetting to the EDA's prevailing floor rate (capped at 3.00%) for the remaining five years.
- ◆ [Community Development Finance Institution \(CDFI\) Emergency Loan Loss Reserve Fund](#) – A \$10 million capital reserve fund to take a first loss position on CDFI loans that provide low interest working capital to micro businesses. This will allow CDFIs to withstand loan defaults due to the outbreak, which will allow them to provide more loans at lower interest rates to microbusinesses affected by the outbreak.
- ◆ [CDFI Emergency Assistance Grant Program](#) – A \$1.25 million program that will provide grants of up to \$250,000 to CDFIs to scale operations or reduce interest rates for the duration of the outbreak.
- ◆ [NJ Entrepreneur Support Program](#) – A \$5 million program that will encourage continued capital flows to new companies, often in the innovation economy, and temporarily support a shaky market by providing 80 percent loan guarantees for working capital loans to entrepreneurs.
- ◆ [Small Business Emergency Assistance Guarantee Program](#) – A \$10 million program that will provide 50 percent guarantees on working capital loans and waive fees on loans made through institutions participating in the NJEDA's existing Premier Lender or Premier CDFI programs.
- ◆ [Emergency Technical Assistance Program](#) – A \$150,000 program that will support technical assistance to New Jersey-based companies applying for State and US Small Business Administration programs. The organizations contracted will be paid based on SBA application submissions supported by the technical assistance they provide.

www.NJ.eda.com



Emergency Technical Assistance Program

This is a \$150,000 program that will support technical assistance to New Jersey-based companies applying for State and US Small Business Administration Programs. The organizations contracted will be paid based on SBA application submissions supported by the technical assistance they provide



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Growing Wealth Responsibly

Information provided by:

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Sean uses his vast knowledge and experience to analyze his clients in a broad and comprehensive way. He has been able to master high-level tax and investing strategies, traditionally used by ultra-high net worth investors, and demonstrate how they are applicable to everyone.

Sean's extensive and diverse background includes investments, insurance, retirement and estate planning. He was Business Manager of Financial Planning (US) for UBS as well as Lead Risk Control Officer for Wealth Planning (US). Prior to joining UBS, Sean was a Compliance Officer and worked on the floor of the New York Stock Exchange as a Specialist for Goldman Sachs.

For Sean's full bio, visit: www.RossoFinancialGroup.com

*Changes to the CARES Act 2020 are happening rapidly. Please call your financial and/or tax advisors for the most up to date information.

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Sources include: Congressional Research Service/Library of Congress - www.loc.gov, Wealth Management - www.wealthmanagement.com, National Association of Enrolled Agents - www.naea.org, Kiplinger - www.kiplinger.com

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