

CARES Act - What's in it for Business Owners

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ACCOUNTANTS+ADVISORS



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Today's

Presenter



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Today's Agenda

\$2 Trillion CARES Act



Paycheck
Protection Program
(PPP)



Business
Provisions



For
Individuals

1. Paycheck Protection Program (PPP) (SBA Loans/Grants)

- *\$376 Billion in SBA Loans which have a forgiveness feature*
- *For Businesses with 500 or fewer employees (generally)*
- *Loan amount- Smaller of \$10 Million or 2.5X average monthly payroll for the 12 months preceding the loan application*
- *Employers must retain employees to avail the “Forgiveness” feature*

2. Business Provisions

Delay Employer Payroll Taxes

- Postpone 2020 payroll taxes until 2021 & 2022
- Half of the deferred tax due end of 2021 the other half by end of 2022
- \$350 Billion have been allocated to this program
- Not available to employers using PPP

Employee Retention Tax Credit

- Refundable credit against payroll tax liability equal to 50% of the first \$10,000 in wages per employee. Should meet one of the two following tests:
 1. Have business operations fully or partially suspended operations due to orders from a governmental entity limiting commerce, travel, or group meetings; or
 2. YOY (comparing calendar quarters) reduction in gross receipts of at least 50% until gross receipts exceed 80% YOY
- Effective Mar 12, 2020 to Jan 1, 2021. Not available to employers using PPP, or in conjunction with Work Opp. Tax Credit

Tax Provisions

- Net Operating Loss - temporary removal of the 80% taxable income limitation for NOLs taken in 2018, 2019 and 2020: can be carried back 5 years.
- Interest Expenses Destructibility – Business interest deduction was capped at 30% of Adjusted Taxable Income (ATI), CARES act increases it to 50% of ATI for 2019 and 2020.
- 100% bonus depreciation for qualified leasehold improvement property, qualified restaurant property, and qualified retail improvement property, for property placed in service after 2017

Retirement Plan Funding

- Employers with defined benefit plans may delay contributions otherwise due in 2020 until Jan 1, 2021.

3. Individuals

Rebates of \$1,200 per individual earning less than \$75,000, phased out at \$99,000 per year. Amount increased by \$500 per child.

Retirement Plans:

(a) Individuals can withdraw up to \$100,000 from retirement plant without incurring 10% tax on early distributions. This amount can be paid back over three years. If not paid back will be picked up in income over a three-year period.

(b) Loans from qualified retirement plans increase from \$50,000 to \$100,000

(c) One year delay in Required Minimum Distribution from defined contribution plans



Thank you for participating

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