



One East Union Street
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March 29, 2020

We pray everyone is doing well. Please be safe and continue to follow the CDC guidelines and your State's requirements for Social Distancing and/or Stay-in-Place orders. Coronavirus is nothing to toy with.

We want to take this opportunity to share what we have learned so far about the massive bill CARES that was signed into law on Friday, March 27, 2020 as well as the Families First Coronavirus Response Act (FFCRA) previously passed into law. We realize that this is a lot to digest; we are providing general information here, we know it is too much and at the same time not enough, because every provision is nuanced and every person's situation is unique.

This stimulus/rescue package benefits almost every person in the country. However, we must stay informed since much of the \$\$ being handed out may affect our 2020 taxes. We will cover much in this communication so that you know where to go with your questions, or to apply for unemployment benefits or for SBA loans. Links are provided to additional resources within the electronic version of this letter that will be posted on our website at www.hubbardcpa.com.

Personal Benefit

All taxpayers, recipients of Social Security, SSI, or veterans benefits are eligible for the one time stimulus/rescue checks of \$1,200/\$2,400 for single/married persons, plus \$500 per child. There will be a phase out of this amount though. If your tax return shows your Adjusted Gross Income is between \$75,000 - \$99,000 for Single/Head of Household filers or \$150,000/\$198,000 for Married filers. If you have filed and are over the limits for 2019 then if your income falls below the limits during 2020 you will have another shot to claim the credit as this is an advanced credit for 2020. If you have not filed 2019 the IRS will be looking to your 2018 tax return to calculate the advanced credit check amount. Here is a link to a calculator to assist you in estimating how much you will receive. [Stimulus Calculator](#) [USA Today Stimulus Video](#)

In each State, workers have had their jobs shifted to work from home. However, the majority of workers have experienced their jobs go away due to the COVID-19 closing the doors of the companies they work for. Or they may be home due to governmental requirements or due to health issues. Whatever the reason, millions are without an income. The CARES stimulus package provides relief in the form of adjusted eligibility requirements for workers and an unemployment supplement of \$600. This benefit includes self-employed, gig workers, and independent contractors. [COVID-19 Unemployment Benefits Info](#)

Pursuant to applicable U.S. Treasury Regulations, we must advise you that any tax advice included in this communication is not intended or written to be used, and cannot be used, by a recipient for avoiding penalties that may be imposed on the recipient by any governmental taxing authority or agency.

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There are also things you can do personally to assist with minimizing your bills during this time. Some companies are allowing for deferred payments for car loans, home loans, and even your student loans. Check out the Federal Student Aid link I've attached. [Student Loan Relief](#)

For those still being paid by their company during this crisis an earlier bill (FFCRA) provided a mandate on employers of under 500 employees (with some exceptions to those employing under 50 employees) to provide paid sick leave and paid family leave benefits effective as of period beginning April 1, 2020, through December 31, 2020. A fact sheet provided for employees is located on the website for the [US Department of Labor](#).

Small Business Benefit

CARES also provides \$350 billion in SBA loan guarantees for small firms. Companies that keep their staff won't have to pay the funds back. However, some small businesses have already been forced to lay off some of their workers. There is also an emergency grant of \$10,000 to help give immediate relief to business owners. I have downloaded and reviewed the SBA application. It isn't extremely hard to fill out, but will require that you gather all of your business and personal financial information prior to completing the application. The SBA website has not been updated yet, to incorporate the new EIDL information and therefore if you apply today, you will have to remember to go back and apply again for the \$10,000 Emergency funding. [SBA EIDL Assistance](#)

CARES provides for a Federal Small Business Relief Paycheck Protection Loan Program (primarily for payroll costs) that has the potential to be forgiven if the funds are spent during the first 8 weeks after issuance on: Payroll costs, mortgage or rent for business property, utilities. [US Chamber of Commerce provides a good summary](#).

USA Today provides a great summary on these benefits and more. If you have the time, please watch their FAQ video. A great discussion on the impact to us. [Coronavirus Stimulus Package](#)

As you know, we are all adversely affected by COVID-19. For many, it may be the risk to their health that is of primary concern. For others, it is the financial issues due to loss of jobs or shutting down their businesses. Please know that we are here for you. We want to make this challenging time less stressful. We want to make sure you have the information and tools to make wise decisions.

There are Payroll Tax Credits if your business qualifies for retaining folks on payroll however keep in mind that there are rules in place that preclude these if you are opting to go with the SBA disaster loans to keep your doors open, so make certain to discuss with your tax professional and assess which program/benefit will provide the best benefit to your business for its particular situation. If you are presently our client please contact us to schedule a time for us to talk together specifically about your situation. There is no one size fits all option, rules and regulations on a lot of this are still being written, we are here to help sort out the confusion and help our employers keep paying their employees (and other bills) if possible.

The FFCRA passed a couple of weeks ago mandating that employers of under 500 employees (with some (as of yet) not well defined exceptions for those employing under 50 employees)

mandating the employer to provide paid sick leave and paid family leave benefits effective with periods beginning on or after April 1, 2020 through December 31, 2020. A fact sheet provided for employers is located at [US Department of Labor](#).

A FFCRA credit is being provided as a refundable tax credit against employer Social Security payroll taxes equal to 100% of Qualified Sick Leave wages and Qualified Family Leave wages. And a refundable tax credit on Form 1040 for self employed individuals with “equivalent” sick and family leave needs. If you prepare your payroll internally, you will need to change your payroll system to add these new pay types so that you will be able to track what you will need to report to be able to claim and reconcile these credits. If you use us or another payroll provider you will need to report hours for these new categories of pay that are mandated. So expect some changes.

Also make sure and plan to retain documents supporting the circumstances if you or your family fall into the various leave categories. So for example, if you or a family member actually contracts the virus and a health care provider directs you to self-quarantine (we hope and pray you all only get the mild symptoms if you get it). Save that instruction or any diagnosis if you can, in a written format. We are particularly worried for our self-employed folks (where the rules have not yet been written describing what documentation must be saved to claim the sick leave credit) So please just save what you can in the meantime if you suffer the virus directly.

Our assessment of the bill, so far, is that it doesn't appear to be as truly generous with self-employed Schedule C and Schedule F folks as it does with employees in this area. For example if your business has a self-employment loss in 2020 when you average a negative amount, the credit will be zero, if they don't come back and fix this to use the prior year self-employment average.

Our small business folks (especially those with employees) should take the time and call in to schedule a telephone conference (765) 458-7843 with us to discuss your particular situation. We are still working at our office every day (following CDC guidelines) to complete tax returns and absorb the tsunami of tax law and labor law changes so far this year to strategize to hopefully keep our clients safe from economic disaster during this stressful period.

Income and Payroll Taxes

The IRS has been directed to extend the income tax filing and payment deadline to JULY 15, 2020. This allows for 90 days relief from filing if you cannot retrieve all of your tax data. It also alleviates the stress of trying to pay an income tax bill when little or no income is coming in. In addition, the IRS has new rules for its key compliance program - no collections, no liens, no levies. The new program called People First Initiative provides immediate relief by temporarily adjusting their processes. Thus if you have a tax issue, you now have extra time to resolve it without straining your finances. This initiative runs from April 1st through July 15th, 2020.

See more on the IRS website. - [IRS Coronavirus Relief](#)

Identity Theft

Scammers are already at work trying to trick you out of your money. Please be careful!

Beware of Stimulus Payment Scams

1. Be alert for phone scams.

The Internal Revenue Service (IRS), Treasury Department, or any other government agency will not contact you by phone to collect information for stimulus payment processing. Period.

2. Be alert for phishing scams.

Government agencies will not email or text you to collect information for stimulus payment processing. Watch for suspicious emails or texts with links or attachments requesting information for processing stimulus deposits or checks. If you receive one, do not click the link or open the attachment. It's a scam. Delete it.

3. Be alert for state-related scams.

State agencies will also not call, email or text you to collect information or a fee to process a stimulus payment. To date, no state has introduced their own version of a stimulus payment.

As of now, we are only aware of one communication a taxpayer will receive from the IRS. No later than 15 days after distributing a stimulus payment, the IRS is required to mail a notice to the taxpayer indicating the payment amount, whether the payment was mailed or deposited, and a phone number to call if the taxpayer did not receive the payment.

Victims or targets of stimulus payment scams should report it immediately to the [Federal Trade Commission](#).

We are happy to help you, your loved ones and friends. If we all work together, we can make it through this! Also, if anyone is in need of filing their 2018 or 2019 tax return please let us know.

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This information is being provided as general nonspecific information, everyone's situation may differ. Please consult your personal tax professional as to your personal situation.