



HAYASHI | WAYLAND

March 28th, 2020

To Our Clients and Friends:

As we strive to keep you informed of the ever-changing landscape of the COVID-19 crisis, we are hearing back from many of you with questions and words of appreciation for the information we have been sending out. Thank you for your feedback, we are grateful for it. We will continue to work hard to stay in front of the relevant issues that we believe affect you, our valued clients and friends. Here is the latest:

On March 27th, President Trump signed a \$2.2 trillion economic stimulus package to aid the U.S. in COVID-19 recovery. The Coronavirus Aid, Relief, and Economic Security (CARES) Act was designed to offer assistance to individual taxpayers, business owners, and the entire economy to try to revive itself from the downturn caused by the COVID-19 pandemic and the business closures, layoffs and economic suffering that has followed. This relief plan will offer assistance to tens of millions of American households affected by the coronavirus pandemic.

Due to the enormity of the legislation, Hayashi Wayland is taking a team approach to consulting with you regarding the CARES Act. We feel this approach will provide you with the most efficient response with regard to how this legislation will affect your individual needs. You can contact our offices at 831-759-6300 (Salinas), 831-624-5333 (Carmel), 831-385-5426 (King City) or 805-226-7375 (Paso Robles) to be connected with the team member that can best assist you with your specific needs.

We have outlined the highlights of the Stimulus Bill below:



INDIVIDUAL PROVISIONS

One-time, non-taxable payments

These payments will be made to taxpayers whose adjusted gross income is under \$75,000 (single), \$112,500 (head of household) and \$150,000 (married). Single or head of household taxpayers will get \$1,200. Married taxpayers will get \$2,400. In addition, for each child 16 years old or younger, you will get an additional \$500. Above these income figures the payment decreases. Single taxpayers earning \$99,000 or married taxpayers who have no children and earn \$198,000 will not receive any payments. A family with two children will no longer be eligible for payments if its income surpassed \$218,000. Payments received are not considered taxable income to the recipients.

You will not be able to get a payment if someone claims you as a dependent, even if you are an adult. In any given family and in most instances, everyone must have a valid Social Security number in order to be eligible. There is an exception for members of the military.

You can find your adjusted gross income on Line 8b of the 2019 1040 Federal tax return. And if you already filed your 2019 taxes and provided direct deposit information for a refund, it will be deposited that way into your account. If you have not filed your 2019 tax return, your 2018 return will be used for determination. If you would prefer to have your 2019 tax return considered over your 2018 tax return we would recommend that you file 2019 as soon as possible.

If you are ineligible for the payment due to your income being in excess of the limits for 2019, you may benefit once you file your 2020 taxes because the payment is technically an advance on a tax credit that is available for 2020.

It is not clear yet when and how physical checks will be mailed to those who will require that. Information from different sources at this time say anytime from the end of April to the end of May.



Retirement Accounts

For the calendar year 2020, no one will be required to take a required minimum distribution from any retirement account. If you are under age 59 ½ and need to make a withdrawal due to the outbreak, the usual 10 percent penalty is waived for distributions up to \$100,000 and you are able to spread the income taxes associated with this distribution over 3 years. You can also put the funds back into the account within 3 years even though the amount would exceed normal contribution limits. These exceptions only apply to coronavirus related withdrawals.

Charitable Contributions

The bill makes a new deduction available for up to \$300 of charitable deductions. All taxpayers can derive benefits from making up to \$300 of charitable deductions even if you don't take an itemized deduction. In addition, there is no cap on the amount of charitable deductions you can take as an itemized deduction for 2020.

Unemployment Compensation

The Federal Government will provide a temporary Federal Pandemic Unemployment Compensation (FPUC) through July 31, 2020. This compensation is \$600 per week for any worker eligible for state or federal unemployment compensation benefits. The FPUC would be paid in addition to and at the same time as regular state or federal unemployment benefits. States have the option of providing the entire amount in one payment or sending the extra portion separately, but it must all be done on the same weekly basis.

Mortgages and Foreclosure Actions

Starting March 18, 2020, most mortgages are prohibited from foreclosure actions for 60 days for borrowers who request it and can demonstrate a COVID-19 related hardship.



Eviction Proceedings

Landlords are subject to a 120-day moratorium on filing eviction proceedings for the non-payment of rent. Unpaid rent will continue to accrue, but landlords may not charge fees or assess fines.

BUSINESS PROVISIONS

Payroll Tax Deferral, Reduction, and Credits

Employers are eligible for a **50 percent refundable payroll tax credit** on wages paid up to \$10,000 during the crisis. It would be available to employers whose businesses were disrupted due to virus-related shutdowns and firms experiencing a decrease in gross receipts of 50 percent or more when compared to the same quarter last year. The credit is available for employees retained but not currently working due to the crisis for firms with more than 100 employees, and for all employee wages for firms with 100 or fewer employees.

Employer-side Social Security payroll tax payments may be delayed until January 1, 2021, with 50 percent owed on December 31, 2021, and the other half owed on December 31, 2022.

Paycheck Protection Program

This program administered through the Small Business Administration is meant to help small businesses (fewer than 500 employees) impacted by the pandemic and economic downturn to make payroll and cover other expenses from February 15 to June 30. Notably, small businesses may take out loans up to \$10 million—limited to a formula tied to payroll costs—and can cover employees making up to \$100,000 per year. Loans may be forgiven if a company uses the loan for payroll, interest payments on mortgages, rent, and utilities and would be reduced proportionally by any reduction in employees retained compared to the prior year and a 25 percent or greater reduction in employee compensation.



Other parts of the wide-sweeping funding bill include:

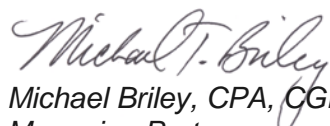
- \$150 billion for local governments for expenditures incurred due to the public health emergency
- \$8.8 billion in additional funding for Child Nutrition Programs in order to ensure children receive meals while school is not in session
- \$450 million in assistance for banks so they can continue to assist those Americans most in need.
- \$30.75 billion for an Education Stabilization Fund for states, school districts and institutions of higher education for costs related to coronavirus
- \$4.3 billion to support federal, state, and local public health agencies to prevent, prepare for, and respond to the coronavirus, including the purchase of personal protective equipment; laboratory testing to detect positive cases; contact tracing to identify additional cases, and infection control and mitigation at the local level to prevent the spread of the virus
- \$2 billion in direct allocation to state and local Community Development Block Grants that must be allocated within 30 days of enactment of the bill

[Click here](#) for an article with additional FAQs on the CARES ACT.

Closing

We anticipate you may have questions and need assistance with the many opportunities this legislation provides. We are here to help and are committed to serving you as best we can in these challenging times. On behalf of everyone here at Hayashi Wayland, I wish you health and peace of mind as we face this crisis together.

Sincerely,


Michael Briley, CPA, CGMA
Managing Partner
Hayashi Wayland

