



HAYASHI | WAYLAND

May 1st, 2020

To Our Valued 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. We will continue to work hard to stay in front of the relevant issues that we believe affect you. Here is the latest:

Paycheck Protection Program (PPP) Loan Update

Many companies and organizations have received funding under the SBA PPP program. For those of you that have not applied or are still waiting there is another round of funding available. It is important that you work directly with your bank to ensure you have the information submitted timely in order to be eligible. It is expected that this second round of funding will be fully utilized as well. The next step for those who have received funding is to ensure that they are eligible for forgiveness of the loan under the SBA guidelines. The determination of forgiveness of the loans will be left up to the lender.

PPP Loan Forgiveness

Once you submit information for forgiveness the lender has up to 60 days to make a decision. We expect the SBA to provide additional guidance regarding the forgiveness of loans in the coming days. We will report back to you as soon as we have more information. Additional details on covered expenditures and the eligibility requirements for loan forgiveness can be found at [AICPA](#), [the SBA website](#) or on the [PPP Information Sheet for Borrowers \(PDF\)](#) at the [U.S. Department of Treasury website](#).

Employee Retention Credit

The Employee Retention Credit under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), enacted on March 27th, is designed to encourage eligible employers financially impacted by the coronavirus to keep employees on their payroll. The fully refundable tax credit, equal to 50% of up to \$10,000 in qualified retention wages, is available to all eligible employers, regardless of size although the calculation is different for employers with over 100 employees.

An eligible employer may be able to claim the credit for qualified wages paid as early as March 13, 2020. Eligible employers may claim the credit immediately by reducing their deposits of federal employment taxes and claiming an advance of any remaining credit on [Form 7200, Advance Payment of Employer Credits Due to COVID-19](#).

The IRS posted on its website [FAQs: Employee Retention Credit under the CARES Act](#), providing guidance around the implementation of the employee retention credit. The IRS also issued [Notice 2020-22](#), providing employers relief from the Section 6656 failure-to-deposit penalty for an employer's failure to timely deposit employment taxes to the extent that the amounts not deposited are equal to or less than the amount of refundable employee retention tax credits to which the employer is



entitled. As a reminder, this credit is not eligible for employers who receive funding under the PPP SBA loan.

Main Street Lending Video

In response to the economic impact of the COVID-19 pandemic, the Federal Reserve established the Main Street Lending Program (MSLP) on April 9, 2020. This program, which is part of the CARES Act, will provide up to \$600 billion of loans to small and medium-sized businesses.

The Main Street Lending Program is comprised of two distinct loan facilities: The Main Street New Loan Facility and the Main Street Expanded Loan Facility. As the names suggest, the new loan facility establishes a new business loan while the expanded loan facility enables the expansion of an existing loan.

To qualify, you must:

- Have fewer than 10,000 employees or have had revenue less than \$2.5 billion in 2019.
- Be U.S. based with significant operations and a majority of employees within the U.S.
- Have had “good financial standing” prior to the COVID-19 pandemic.
- Have not participated in the Primary Market Corporate Credit Facility.

If you have applied for or received a Paycheck Protection Program loan, you are still eligible for the MSLP loan, provided that you meet the qualification requirements.

To learn more about the Main Street Lending program [click here](#).

Monterey County Shelter in Place Order Extended

Monterey County Health Officer, Dr. Edward Moreno issued an updated Shelter-in-Place Order earlier today. This Order is effective Monday, May 4, 2020 and will continue through May 31, 2020. This order represents a phased approach for Monterey County businesses and residents to begin to engage in additional activities that pose a lower risk of spread of COVID-19. According to Dr. Edward Moreno, “A phased approach to removing restrictions will allow our county to continue to slow the spread of virus and keep pressure off our health care system. Easing some restrictions, when combined with recent increases in testing capacity for COVID-19 and the use of face coverings, can continue to slow the spread of the virus while allowing some residents to return to work.”

Additional modifications in this order were determined in part by using a risk-based analysis. To view this order and learn about the modifications [click here](#).

Closing

We anticipate you may have questions and need assistance with, or want to talk about, upcoming financial decisions. Please do not hesitate to contact the HW partner or team member you work with for assistance or with any questions you may have. 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,

A handwritten signature in cursive script that reads "Michael T. Briley".

Michael Briley, CPA, CGMA
Managing Partner

