



****Please keep in mind this is our interpretation of the new CARES Act. There are many details and specifications that are still being worked out. Please give us a call (413-387-0777) or email us (caresact@BCHAccountPros.com) with specific questions regarding your situation. ****

**BCH Account Pros, Inc.
245 Russell St Suite 2
Hadley, MA 01035**

EIDL Loan (up to \$10,000 grant)

As of today, **nobody has received money or a response back**. The money will start to be disbursed stating sometime next week. There has also been a change on how much you will receive for the grant. New guidelines came out that it would be **based on the number of employees** now at **\$1,000 an employee**, still capped at \$10,000. How they will verify the number of employees and what date they are basing it on has still not been released.

Payroll Protection Program (PPP) Loan

This loan continues to evolve. We never knew how many ways we could calculate payroll costs! Each bank is doing something different with their calculation, so please see their guidelines for specific requirements. Many banks are still waiting for final guidance from the SBA. With the continued evolution of this program the **interest rate has changed from .5% to 1%** for the portion of the loan that is not forgiven thanks to the lobbying of the American Bankers Association. Thanks to our unofficial government liaison (Brian's wife) – who is now on a first name basis with our local reps – the frustration people are feeling has been passed on from our local reps to our state congressional officers. Washington is well aware now of not only our frustrations, but many others with the lack of clear guidance on this program. **I wouldn't anticipate funds being available for this program for at least another couple of weeks.**

Self-employed and independent contractors will be able to apply starting April 10. We are still unsure what documents will be needed, but if you have received 1099s for your income in 2019, we would anticipate you needing to send a copy of those as well as your schedule c if you have it prepared. We have included an updated list of banks who will be participating in the program.

Unemployment

According to the DUA, they are moving "swiftly" to include the \$600 in people's unemployment benefits which will be **retroactive to March 29**. As of today, some people have started receiving their \$600. Remember, these unemployment benefits **are taxable**. Our advice is to have the 10% in Federal and 5% in MA taken out from each check. Those who have already **exhausted their previous unemployment benefits can receive up to 13 weeks** of benefits retroactive to March 29. The DUA is still awaiting guidance on how to implement these benefits.

Self-employed and independent contractors are **still not able to sign up to receive unemployment benefits**. The DUA has hired a vendor to build a new platform (website) for self-employed and independent contractors. They will not be able to use the current Mass Unemployment platform to sign up. **DUA anticipates having this website ready to go around April 30, 2020**. Once it is available, **benefits may be retroactive to the week ending on February 2, or the first week a claimant was unable to work as a result of COVID-19**. How to verify self-employed income has not been made clear by the DUA. You will also be eligible for the additional \$600 in benefits. Remember, these unemployment benefits **are taxable**. Our advice is to have the 10% in Federal and 5% in MA taken out from each check. We will notify you once the DUA begins to accept self-employed individuals.



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Stimulus checks

Checks should start rolling out next week – so we've been told. As long as you filed a return in 2018 or 2019 and are under the income limits, **you will receive the full \$1,200 for individuals and \$2,400 for joint returns as well as \$500 any dependent on your return under 17.** If you don't file a tax return but receive social security (SS) benefits the IRS will use your SS information to send a check or direct deposit. If you haven't filed a return nor do you collect ss benefits, **you need to file a simple return to receive your stimulus check.** If you or someone you know is in that situation please give us a call. **We can e-file a simple return for no charge.**

Tax Credits Available

Employee Retention Credit for Employers

This credit is available to businesses with less than **500 employees, sole proprietors, and nonprofits** for the 6.2% employer FICA (Social Security and Medicare) taxes. Eligible employers include anyone who carried out business in 2020 and at any calendar quarter the operation of the business is fully or partially suspended due to governmental authority limiting commerce, travel and group meetings due to COVID-19 or had a significant decline in gross receipts (50% of gross receipts of the same calendar quarter of the previous year) and ending the quarter after gross receipts are 80% of the receipts from the prior calendar quarter. **Employers taking the paycheck protection program loan are not eligible for this credit.** The credit for applicable payroll taxes are subject to **50% of wages from 3/12/2020 – 12/31/2020 and cannot exceed \$10,000 per employee.** If amount of refundability exceeds the taxes, the excess will be treated as an overpayment and refunded to the employer.

Delay of Payment of Employer Payroll Taxes

Businesses that have been adversely affected by COVID-19 may defer the employer portion of the Social Security tax. **If the business had their loan or portion of their PPP loan forgiven, they are not eligible** for deferment of their 6.2% Social Security taxes. If you choose and are eligible to delay the employer portion of payroll taxes for the covered period of **3/27/2020 – 12/31/2020** 50% of the deferred taxes will be due by 12/31/2021 and the remaining balance will be due 12/31/2022.

Sales, Meals & Room Occupancy Taxes

Taxes for February, March and April which are due March, April, and May are **now due on June 20.** This is applicable to all business that paid **less than \$150,000** in sales, meals and room occupancy taxes in the year ending February 29, 2020.

Individual & Corporate Taxes

Individual taxes, payments and first quarter estimates for Federal and Massachusetts have been extended to July 15. Corporate Federal taxes and payments have been extended until July 15. However, MA corporate taxes and tax payments are still due by April 15. You can file for an automatic **6-month extension for the tax return, but payments are still due on April 15.** If not paid, interest will accrue, but penalties have been waived.

Restaurant workers

If you are in the restaurant industry, we encourage you to visit restaurantstrong.com. Restaurant workers can apply for different grants to help with the costs relating to the shutdown due to COVID-19. You can also visit their website to donate and help fund these grants!



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UPDATES ON THE CARES ACT

Payroll Protection Program Application

Treasury Secretary Mnuchin has said this program will be available starting tomorrow, **April 3rd for eligible business owners** (a business with under 500 employees). Local banks are still working to get their websites updated with the applications. So far, the only bank that told us they would have information available by tomorrow is People's United Bank. Since this loan is being processed only by banks and other lenders not the SBA, we are suggesting you to reach out to your bank to apply for the loan. An existing relationship with you bank will help speed up the process! We have attached a sample application to help you gather the needed information as well as a fact sheet with updated details. **Self-employed individuals will not be able to apply for this until April 10th at the earliest.**

Payroll Tax Credit

you can't receive this credit if you take out the payroll protection program loan

A credit for wages paid per eligible employer is available for 50% of qualified wages paid 3/13/20 – 12/31/20 up to \$10,000 per employee. An eligible employer is defined as:

- (a) having their operations fully or partially suspended during a quarter due to an order of a government authority limiting commerce, travel, or groups
- (b) having more than 50% decline in gross receipts in 2020 calendar quarter compared to the same calendar quarter in 2019.

When your 2020 gross receipts in a quarter are greater than 80% of same quarter 2019 receipts, you are no longer an eligible employer. The credit can be deducted from your payment of taxes or shown as a credit on your quarterly 941 form. If the credit is more than your taxes owed, the credit can be refunded.

Payroll Tax Deferment

you can't receive this deferment if you take out the payroll protection program loan

Eligible employers (a business with under 500 employees) can defer the **6.2% employer portion** of the social security tax for qualified wages paid from 3/27/20 – 12/31/20. Half of the deferred taxes must be paid by December 31, 2021 with the remaining balance paid by December 31, 2022. **All other taxes must be paid on the applicable due dates.**

Economic Impact Payments (Stimulus Checks)

The IRS has reversed their position after Congressional pushback. The IRS initially said anyone who didn't need to file a return because they were under the filing threshold should file anyway to ensure they would receive a check. **This is no longer the case** and the IRS will coordinate with the Social Security Administration to make sure the checks (or direct deposit if you have your social security checks being direct deposited) go out to anyone eligible.

Self-Employed Individuals Collecting Unemployment

The MA Division of Unemployment is still working on getting a system in place and until they do, self-employed individuals **will not be able to file for unemployment.**

\$600 Additional Unemployment Benefit

Although some states have stated that the \$600 will be added to their check starting next week, MA has not updated when this will take effect for those filing for MA unemployment benefits. We have been told that the \$600 **will be back dated to 3/27/2020** or the date you filed for unemployment if filed later than 3/27/2020.



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2020 CARES ACT FOR INDIVIDUALS

2102 - Pandemic Unemployment Assistance

Eligible individuals for this program include: anybody not eligible for regular unemployment benefits. Any individual including those self-employed who **self-certifies** that they are able to work but are unemployed because:

- they've been diagnosed with COVID-19 or are providing care for a family member diagnosed with COVID-19
- they have the primary care responsibility for an individual who is unable to attend school or another facility due to COVID-19
- they're unable to work due to quarantine or a health care provider told them to self-quarantine
- their place of employment has closed due to COVID-19

Eligible individuals do not include people who have the ability to **telework with pay** or are receiving **paid sick leave** or another **paid leave benefit**. Those who are eligible are able to submit claims to unemployment retro actively starting 1/27/20 if effected by COVID-19.

2104 - Emergency Increase in Unemployment Compensation Benefits

Those currently receiving unemployment benefits are now entitled to an additional \$600 a week on top of their regular benefit amount determined by unemployment. The additional \$600 **will not** be included when determining income for purposes of Medicaid and CHIP program benefits for those individuals receiving them.

Please note: unemployment benefits are taxable wages and should have taxes withheld like a normal paycheck to prevent any additional balance due when filing your 2020 tax return.

2201 - Recovery Rebates for Individuals

Each adult will be sent **\$1,200 rebate check** based on their 2019 taxes providing that their adjusted gross income is:

- Less than **\$75,000** per individual
- Less than **\$112,500** filing head of household
- Less than **\$150,000** filing jointly

If your income is above those thresholds it is reduced by \$5 for every \$100 over the income limits until completely **phased out at \$99,000 (single), \$146,500 (head of household), and \$198,000 (jointly)**. If your 2019 taxes have not been filed, 2018 returns will be used.

Any adult who has a child dependent under 17 on their tax return will receive a \$500 check for each child dependent under 17. **We are waiting on further guidance on how this \$500 check is going to be sent in cases of divorce.** If you did not file a tax return because you fell under the Federal income threshold to file for 2018 and 2019, they will use your social security benefits for 2019 to determine if you qualify.

If you used direct deposit for your 2019 return or you have not filed 2019 and used direct deposit for 2018 the account used will be used for your stimulus check, otherwise paper checks will be mailed to the address listed on your most recently filed return. Based on Treasury Secretary Mnuchin's remarks, checks will be going out sometime at the **end of April**. If you are getting direct deposit, you will receive information from the IRS in the mail detailing the account number, amount, and date your check was deposited.



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2020 CARES ACT FOR BUSINESSES

1102 - Paycheck Protection Program

This program is available to employers with **less than 500 employees, sole proprietors, and nonprofits**. The maximum for the loan is the **lesser of \$10 million or 2.5 times your 2019 average monthly payroll cost** (excluding any wages annualized greater than \$100,000). Preference is given to underserved rural market, veterans, socially and economically disadvantaged individuals and businesses. This loan **can** be combined with the EIDL (see section 1110 below) as long as there's no duplication. It can also be partially forgiven (see section 1106 below).

The loan can only be used for **payroll costs including health benefits, mortgage** (interest only) or **rent, utilities** (water, gas, electric, telephone, internet), and **interest on any other debt obligation** that was incurred before the covered period of 2/15/2020 – 6/30/2020. The **interest is capped at 4%** with a maximum of a **10-year term**. **Deferment** of principal, interest & all fees is available for at least **6 months but no longer than 1 year** with interest starting on month 7. These loans are non-recourse with no personal guarantee and no requirement for credit elsewhere to apply.

***Please note: Lenders for the program are still working with the government to get full details on requirements. We will update you when information has been released with guidelines to apply. ***

1106 - Loan Forgiveness

The forgiveness portion of the loan **must be used for payroll expenses in the covered period**. The covered period is the **8-week period from the origination date of the loan**. Even if you have previously laid off employees due to COVID-19, as long as you bring them back during the covered period you can apply for forgiveness. The forgiveness of the loan is **based on the average number of full-time employees during either 2/15/2019 – 6/30/2019 or 1/1/2020 – 2/29/20** compared to your full-time employees during the covered period. Again, wages annualized over \$100,000 are excluded. There can be no reduction of salary or wages for more than 25%. If there is a reduction, it needs to be brought back to full salary by 6/30/2020 to be considered for forgiveness.

1110 - Economic Injury Disaster Loans (EIDL) Grants

The EIDL is available to businesses with **less than 500 employees, sole proprietors, and nonprofits**. When applying for the EIDL for the covered period (1/31/2020 – 12/31/2020) you can request up to **\$10,000 as a grant paid within three days** by self-certifying under the penalty of perjury you have faced economic distress from COVID-19. This \$10,000 portion of the loan will not have to be paid back even if the EIDL loan is denied. The loan must be used for **business expenses without duplication through another loan or grant in this bill**. If you're also using the paycheck protection program loan the forgiveness portion of that loan will deduct this \$10,000 from the forgivable portion. The **interest is capped at 4%** with a maximum of a **10-year term**. **Deferment** of principal, interest & all fees is available for at least **6 months but no longer than 1 year** with interest starting on month 7. You can apply for this program online here: <https://covid19relief.sba.gov/#/>



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2301 - Employee Retention Credit for Employers

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2302 - Delay of Payment of Employer Payroll Taxes

Businesses that have been adversely affected by COVID-19 may defer the employer portion of the Social Security tax. If the business had their loan or portion of their loan forgiven under section 1106, they are not eligible for deferment of their 6.2% Social Security taxes. If you choose and are eligible to delay the employer portion of payroll taxes for the covered period of 3/27/2020 – 12/31/2020 50% of the deferred taxes will be due by 12/31/2021 and the remaining balance will be due 12/31/2022.

3602 - Emergency Paid Sick Leave Act Limitation

Employers with fewer than 500 employees and government employers, who have employees who have been on the job for at least 30 days, must allow that employee up to **12 weeks of job-protected leave** under the Family and Medical Leave Act to be used for any of the following reasons:

- To adhere to a requirement or recommendation to quarantine due to exposure to or symptoms of coronavirus
- To care for an at-risk family member who is adhering to a requirement or recommendation to quarantine due to exposure to or symptoms of coronavirus
- They have the primary care responsibility for an individual who is unable to attend school or another facility due to coronavirus

After the two weeks of paid leave, employees will receive a benefit from their employers that will be no less than two-thirds of the employee's usual pay. Employers will not be required to pay more than \$511 per day if the employee is subject to quarantine, self-quarantine or experiencing symptoms and seeking medical diagnosis and \$200 per day if the employee is caring for someone under quarantine. Employers with fewer than 50 employees are eligible for an exemption from the requirements.

3606 - Advance Refunding of Credits

Employers will get a credit of **100% of qualified sick leave wages** (including qualified health plan expenses) for the covered period **4/1/2020 – 12/31/2020.** This credit will be deducted from the employer 6.2% Social Security tax. If the tax is less than qualified wages, a refundable credit can be claimed. The employer can deduct the amount of qualified wages they anticipate they will claim before depositing their payroll taxes.