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THE CARES ACT AND BEYOND

A Practical Tax Perspective and What You Need To Know...Now

Presented by: Brian Newman

August 13, 2020

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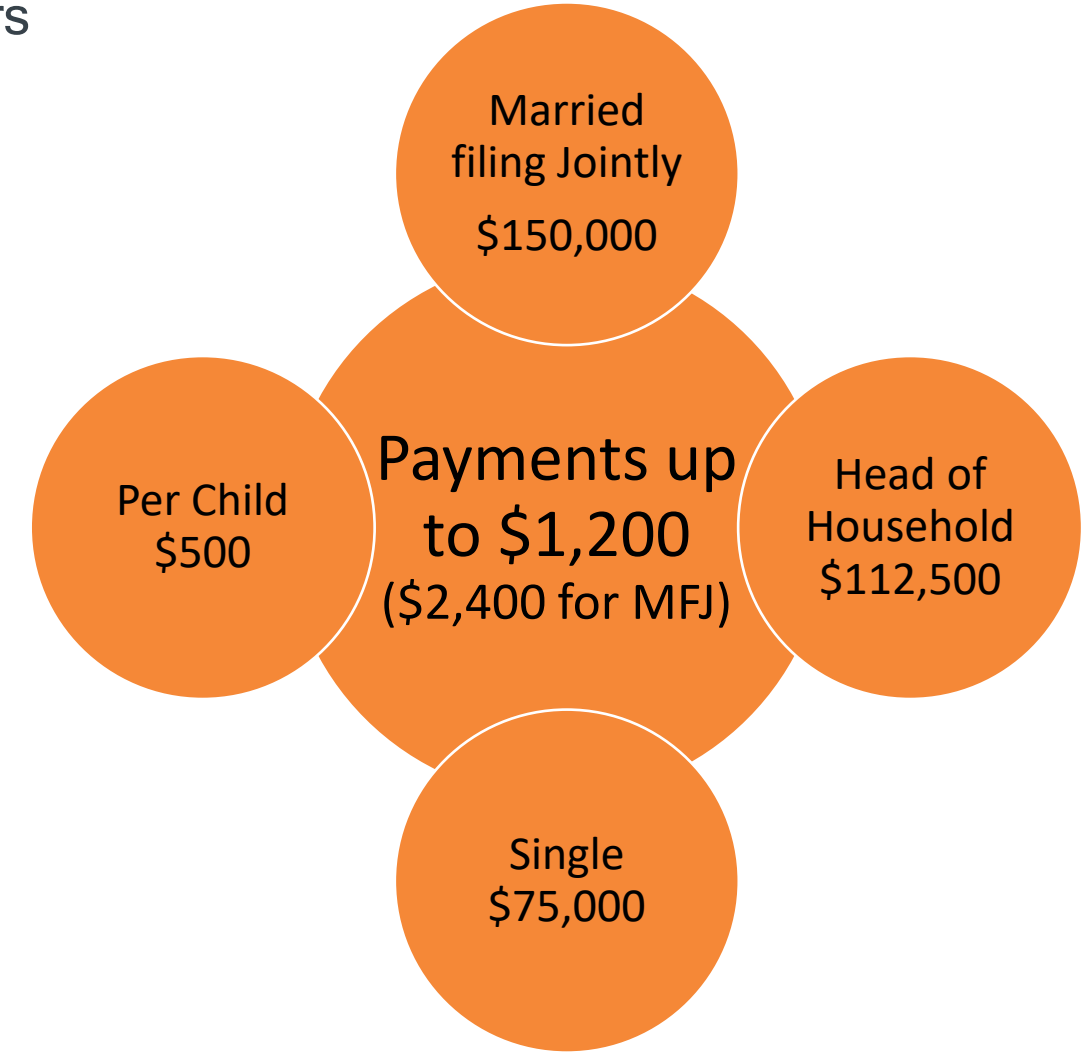
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CARES ACT: INDIVIDUALS

RECOVERY REBATES

- Government checks made out to individual taxpayers
- Provided immediate tax-free cash assistance to Americans and their families
- Payments of up to $1,200 ($2,400 for MFJ), increased by $500 per qualifying child
- Payments reduced for higher-income taxpayers, begin phasing out at the following AGI thresholds:
  - * Payments are reduced by 5 percent of the amount of AGI that exceeds these thresholds
- Payments were based on 2019 tax returns (or 2018 returns, if 2019 has not yet been filed).
- It is currently unknown whether a second check will be forthcoming.



CHARITABLE CONTRIBUTIONS

Restrictions eased

- Eases the limitations on deducting certain charitable contributions
- **For taxpayers that itemize**: 60 percent of AGI deduction limitation for cash contributions is suspended in 2020
- **For taxpayers that do not itemize**: up to $300 of cash contributions may be deducted as “above the line” deductions beginning in 2020

STUDENT LOANS

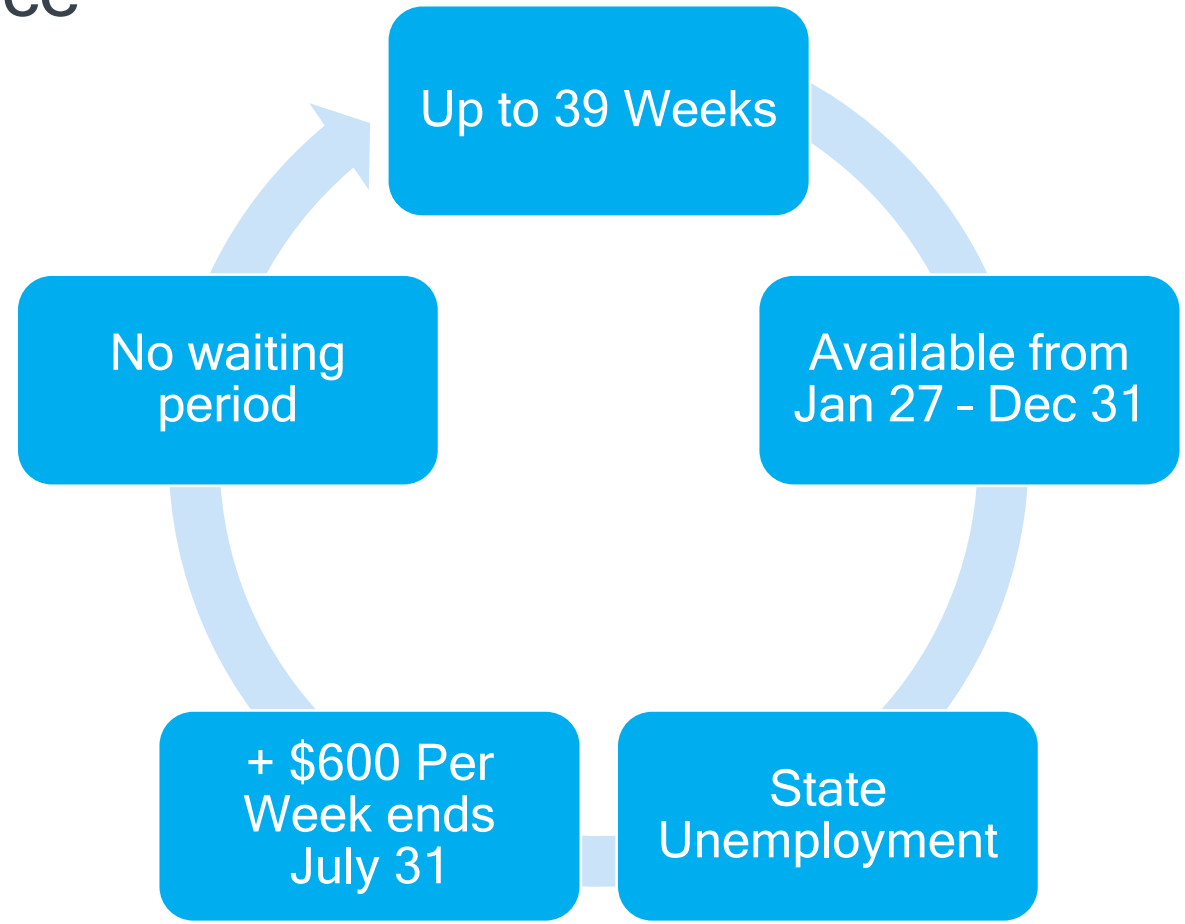
Exclusion of certain employer payments of student loans

- Employer payment of up to $5,250 of employee student loans excluded from employee income
  - Applies whether the employer pays the lender directly or reimburses the employee
- Payments can be made through December 31, 2020
- The $5,250 cap on payments applies to both new student loan repayment benefit and other educational assistance
  - Other educational assistance includes tuition, fees, books etc.

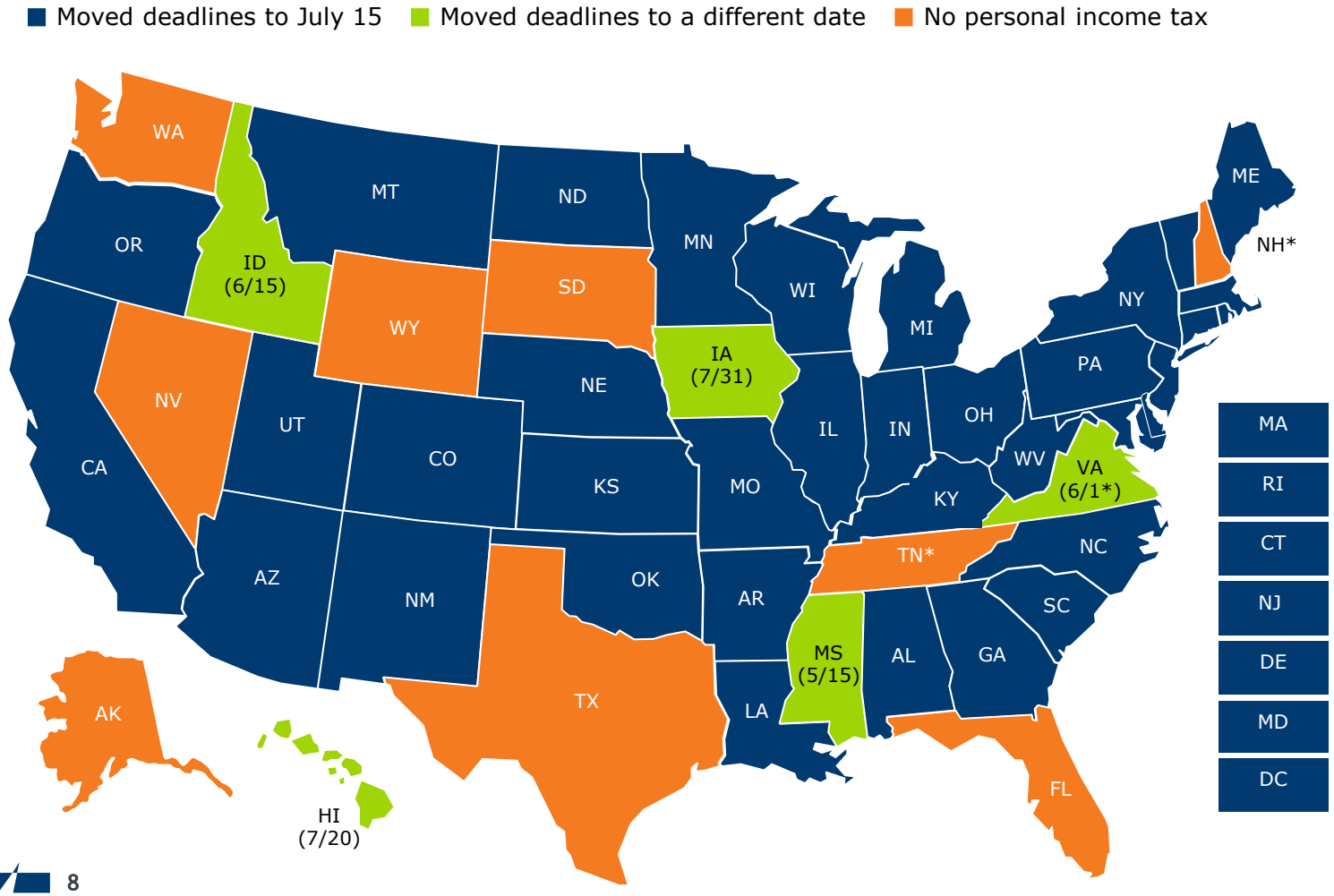
UNEMPLOYMENT ASSISTANCE

Pandemic Unemployment Assistance

- Additional unemployment assistance available to a “covered individual” for up to 39 weeks of unemployment, partial unemployment or inability to work caused by COVID-19
- Amount received each week by those eligible is the sum of State amount and Federal amount.
  - The Federal amount ended on July 31 and the status of this is still uncertain despite the executive order
- Regardless of state law, no waiting period applies
- A “covered individual” is an individual not eligible for regular compensation or extended benefits under State or Federal law



ALL STATES THAT TAX PERSONAL INCOME HAVE MOVED THEIR FILING DEADLINES BEYOND APRIL 15



State actions on personal income tax filing and payments deadlines due to COVID-19

*New Hampshire and Tennessee do not tax earned income but do tax investment income (NH deadline: June 15, 2020; TN deadline: July 15, 2020)

**Virginia extended its tax payments deadline to June 1, 2020, but its filing deadline remains May 1, 2020

Sources: AICPA

APRIL 3, 2020

LOSSES AND IRA DISTRIBUTIONS

Impact on Individuals

- LOSSES
  - Prior to the CARES Act, individuals were required to carryforward any Net Operating Loss ("NOL") that they sustained.
  - The CARES Act will now allow individuals to carry their 2018, 2019 and 2020 losses back five years and file for a refund.
  - The CARES Act also removes the 80% taxable income limitation through 2020.

- IRA DISTRIBUTIONS
  - The CARES Act provides a one-year waiver of Required Minimum Distributions.
  - More details later in the presentation.


ESTATE PLANNING

ESTATE PLANNING CONSIDERATIONS

GRATs, loans and transferring assets with low fair market value

- Now is a good time to consider estate planning with depressed values and low interest rates
- Taxpayers can use GRATs or intra-family loans to take advantage of these historically low rates
- With values depressed, there is the opportunity to move more value to the next generation so that the appreciation is in their hands rather than in your estate



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CARES ACT: BUSINESSES

IMPACT ON NOLS

Modification of NOLs

Under TCJA NOLs are limited to 80% of taxable income, and may not be carried back.

- The 80% limitation is removed (can offset 100% of taxable income) for tax years beginning after December 31, 2017 and before January 1, 2021.
- NOLs created in taxable years after December 31, 2017 and before January 1, 2021 can be carried back 5 years.
- The ACT postpones the enactment of section 461(l), the excess business loss limitation which is applicable to individuals, until tax years beginning after December 31, 2020.
  - Note; the Act clarifies that wages are not to be included as business income (post-2020 consideration)
- Special REIT rules: NOLs from a REIT year cannot be carried back and a loss generated in a non-REIT year cannot be carried back to a REIT year.
- There are special rules for life insurance companies and carryback years to which section 965 applies.

IMPACT ON NOLS

Special Rule for Fiscal year returns beginning in 2017

Under TCJA corporations with a fiscal year beginning in 2017 (filed on 2017 returns) were not able to carry back NOLs generated in that year, based on the technical wording of TCJA's limitation on carrybacks.

- Under the Act, NOLs created on these returns can be carried back 2 years (as would have been expected).
- Procedural relief: An election to forego this 2-year carryback or the filing of a claim for refund on Form 1139 will be considered timely filed if filed within 120 days of enactment of the CARES Act.
  - A Taxpayer that misses the 120 day deadline to file Form 1139 can still file an amended return, but the time to receive the refund will increase.
  - Effected taxpayers can elect to forego the carryback if they choose, which will can be done on their first return ending after March 27, 2020.

IMPACT ON NOLS

Clarification of interaction of pre-TCJA NOLs and TCJA NOLs

TCJA provided no guidance as to how Pre-TCJA NOLs and TCJA NOLs would interact.

- For taxable years beginning after December 31, 2020, the Act clarifies that pre-TCJA NOLs are applied first, which can offset 100% of taxable income. The TCJA 80% of taxable income rules then applies to the remaining taxable income, which TCJA NOLs can offset.
- Example: Corporation has a pre-TCJA NOL of 50,000 and a TCJA NOL of 50,000 carried to tax year 2022; a year the corporation has 100,000 of income. Total NOL usage equals 90,000: 50,000 of pre-TCJA NOL (100%) and 40,000 of TCJA NOL (100,000 minus 50,000, the net of 50,000 being multiplied by 80% which equals 40,000).
- Had the rule been that the 80% is applied to taxable income *before* the application of the pre-TCJA NOL, then the full 100,000 of income would have been offset.

ACCELERATION OF CORPORATE AMT CREDITS

Corporations can take AMT credit in 2018 or 2019

TCJA repealed the corporate alternative minimum tax (AMT), but made corporations generally receive credit refunds over 4 years.

- The Act allows corporations to recover remaining AMT credits fully for tax years beginning in 2019.
- Alternatively an election may be made to take the AMT credit fully in tax years beginning in 2018 (which presumably would only be done by fiscal year returns still on extension).

CHANGES TO 163(j)

General Rules

TCJA generally limits interest deductions to 30% of an entity's adjusted taxable income (ATI).

- The Act generally increases the limitation to 50% of ATI for taxable years beginning in 2019 and 2020.
- Taxpayers can elect out of this provision. Presumably most taxpayers would not choose to do so, however it may be beneficial if they are subject to BEAT.
- Taxpayers can elect to use their 2019 ATI in calculating their 2020 limitation. This will be beneficial to the majority of taxpayers that will likely have less income in 2020 due to the epidemic.
- Procedural issue: Taxpayers who elected out of section 163(j) in 2018 or 2019 and now want to revoke can do so by amending the return for year in which the election was made.

CHANGES TO 163(j)

Partnership Rules (apply to partnerships only)

- The limitation for taxable years beginning in 2019 remains at 30% of ATI.
- For excess business interest expense (EBIE) created in 2019 and carried to 2020:
  - 50% of this EBIE will be deductible by partners in 2020, without regard to 2020 ETI.
  - The remaining 50% will be subject to ETI limitations in 2020.
  - Partners can elect out of this treatment
- The ATI limitation for partnerships for taxable years beginning in 2020 is 50% of partnership ATI (unless the partnership elects to use the 30% limitation).

TECHNICAL CORRECTION TO TCJA: QIP

The Act corrects an error in TCJA

- A drafting error in the TCJA required a 39-year depreciable life for qualified improvement property (generally, certain improvements to a building's interior). The Act corrects this error, and makes it 15-year depreciable property (20-year ADS), as intended. This will allow businesses to deduct the expense of these improvements immediately because they will be eligible for 100% bonus depreciation. They will also be able to potentially amend prior-year tax returns to adjust for this correction and potentially claim refunds
- Procedural Issue: Impacted taxpayers who already filed for 2018 or 2019 can file amended returns or a Form 3115 to adjust QIP to15 years and take bonus depreciation.

MISCELLANEOUS PROVISIONS

Corporate charitable contributions and Excise tax on Alcohol

Charitable contributions

- The Act increases the 10 percent limitation for corporations to 25 percent of taxable income.

Temporary exception from excise tax for alcohol used to produce hand sanitizer

- Taxpayers are excepted from excise tax for distilled spirits removed in 2020 and used for hand sanitizer produced and distributed in response to COVID-19.

OZ CHANGES DUE TO COVID-19

- 180-day investment requirement for QOF Investors - If the last day of the 180-day investment period within which a taxpayer must make an investment in a QOF in order to satisfy the 180-day investment requirement falls on or after April 1, 2020, and before December 31, 2020, the last day of that 180-day investment period is postponed to December 31, 2020.

OZ CHANGES DUE TO COVID-19

- 90% Investment Standard for QOFs - In the case of a QOF whose last day of the first 6-month period of the taxable year or last day of the taxable year (two measurement dates) falls within the period beginning on April 1, 2020, and ending on December 31, 2020, any failure by that QOF to satisfy the 90-percent investment standard for that taxable year of the QOF is-
  - deemed to be due to reasonable cause and excepted from penalties; and
  - disregarded for purposes of determining whether the QOF or any otherwise qualifying investments in that QOF satisfy the requirements of the code and regulations for any taxable year of the QOF.

OZ CHANGES DUE TO COVID-19

- 30-month substantial improvement period for QOFs and QOZ Businesses - For purposes of the substantial improvement requirement with respect to property held by a QOF or qualified opportunity zone business, the period beginning on April 1, 2020, and ending on December 31, 2020, is disregarded in determining any 30-month substantial improvement period. In other words, QOFs and QOZ businesses can pause the 30-month time limit to complete the substantial improvements.



EMPLOYER CONSIDERATIONS

FFCRA REQUIRED LEAVE

Under the Families First Coronavirus Response Act (FFCRA), for the period April 1 - December 31, 2020, private-sector employers with fewer than 500 employees as of the time of the leave (and certain government/public agency employers regardless of number of employees) are required to provide their employees with **paid sick leave and family leave** under specified circumstances related to COVID-19.

"Fewer than 500 employees" threshold includes (1) full-time and part-time employees, (2) only employees employed in the U.S., (3) employees on leave, (4) jointly-employed employees, and (5) day laborers supplied by a temporary agency. Independent contractors are not counted.

Includes employees of employer's affiliates, per U.S. Department of Labor's (DOL) 4-factor "integrated employer" test - common management, interrelationship between operations, centralized control of labor relations, and degree of common ownership or financial control.

Required leave payments are not subject to the employer portion of the Social Security tax.

FFCRA EMERGENCY PAID SICK LEAVE

- Up to 2 weeks if, related to COVID-19, employee is:
- Paid at lesser of - 100% of pay or $511 per day for 1-3, and 67% of pay or $200 per day for 4-7.
- No minimum employment period required.

1. Subject to federal, state or local quarantine or isolation order (unless the employer has no work for the employee)
2. Advised by a health care provider to self-quarantine
3. Experiencing symptoms and is affirmatively seeking a medical diagnosis
4. Caring for an individual subject to a quarantine or isolation order or who has been advised by a health care provider to self-quarantine (unless the employer has no work for the employee)
5. Caring for a child younger than age 18 whose school or place of care is closed, or child care provider is unavailable (unless the employer has no work for the employee)
6. Caring for a child of any age who is incapable of self-care on account of a disability (unless the employer has no work for the employee)
7. Is experiencing any other substantially similar condition as specified by the Secretary of Health and Human Services in consultation with the Secretaries of Labor and Treasury.

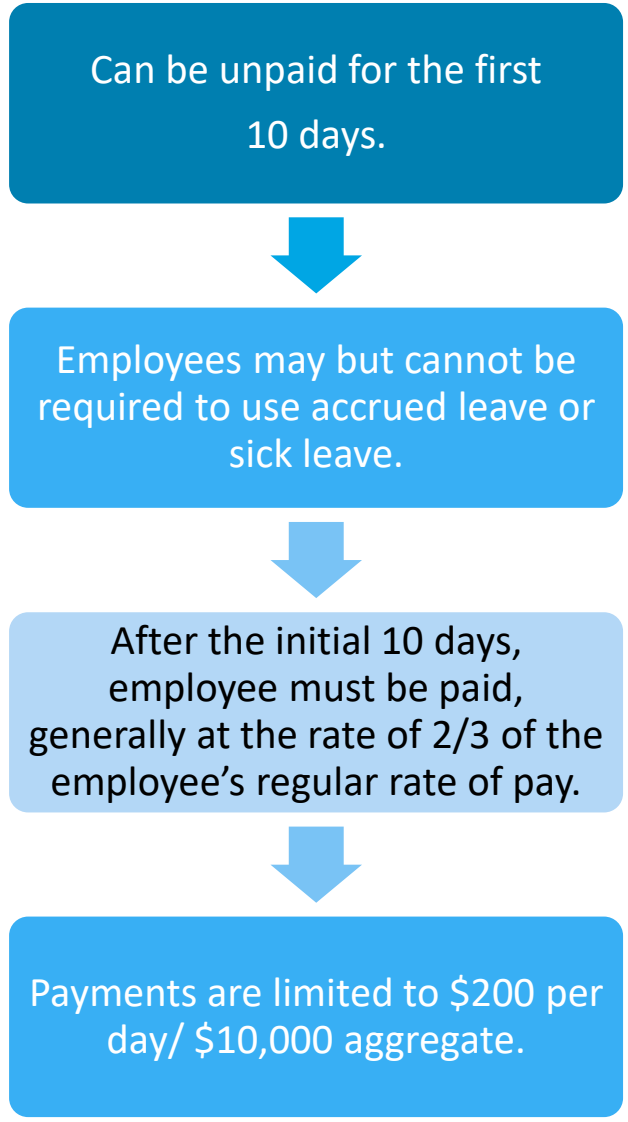
FFCRA EMERGENCY FAMILY LEAVE

- Employee must be employed by the employer for at least 30 calendar days to be eligible. Emergency family leave not available for an employee when the employer does not have work for the employee.
- For the period April 1 - December 31, 2020, covered employers required to provide up to 12 weeks of emergency leave for employees who, because of a public health emergency, are unable to work (or telework) because they need to care for a child under age 18 whose school or place of care is closed, or where such a child's care provider has become unavailable, or because they need to care for a child of any age who is incapable of self-care on account of a disability.



FFCRA EMERGENCY FAMILY LEAVE

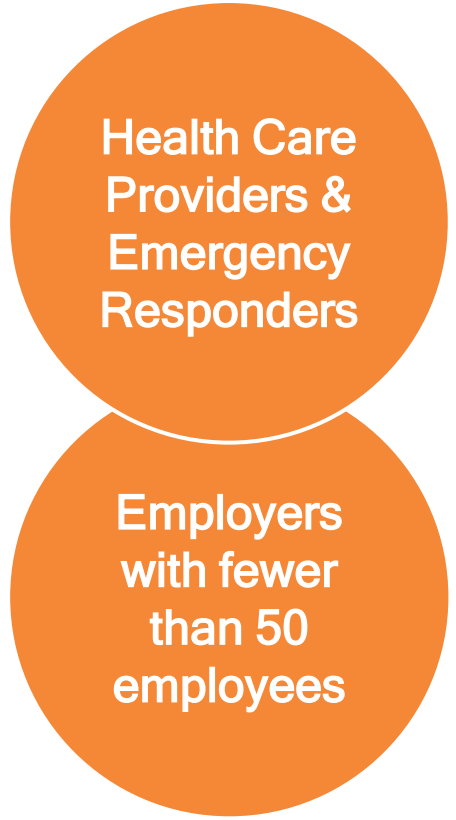
- Emergency family leave can be unpaid for the first 10 days. Employees may but cannot be required to use accrued vacation, personal leave or sick leave for this period.
- After the initial 10 days of emergency family leave, the employee must be paid for the remainder of the emergency family leave period, generally at the rate of two-thirds of the employee's regular rate of pay, for the number of hours the employee would have otherwise been scheduled to work. Special rules apply to part-time employees.
- Emergency paid family leave payment amounts are limited:
  - Lesser of 67% of pay or $200 per day/$10,000 in the aggregate.
- Leave taken under the Family Medical Leave Act of 1993 within the preceding 12 weeks reduces the 12-week period of an available emergency family leave.



FFCRA REQUIRED LEAVE

Available Exclusions and Exemptions; Job Restoration

- "Health care providers" and "emergency responders" can be excluded.
- Employers with fewer than 50 employees exempt if leave needed to care for a child younger than age 18 whose school or place of care is closed due to COVID-19 precautions, or of any age who is disabled and incapable of self-care, where providing the leave would "jeopardize the viability of its business as a going concern."
- **Job Restoration -** Upon return to work employee entitled to same or equivalent position, except if an employment action such as a layoff would have impacted employee's employment regardless of the leave - employer must be able to show that the employee would not otherwise have been employed at the time restoration requested. For a family leave, exception available for employers with fewer than 25 "eligible employees" (among the highest paid 10% of all employees employed within 75 miles of the employee's worksite) - can deny job restoration to an "eligible employee" if certain conditions exist and "the denial is necessary to prevent substantial and grievous economic injury" to its business operations.



FFCRA REQUIRED LEAVE

Health Insurance Coverage, Required Documentation, Recordkeeping and DOL Notice

Requirement to Maintain Health Coverage During Emergency Leave Period

- While employee is taking an emergency paid sick leave or emergency family leave, employer required to maintain the employee's coverage under employer's group health plan on the same conditions as coverage would have been provided if the employee had been continuously employed during the entire leave period.

Employee Documentation/Employer Recordkeeping and DOL Notice Requirements

- Prior to taking an emergency leave, employee must provide employer with certain documentation as to the type of leave requested and the reason(s) for the leave. Regardless of whether the requested leave is granted or denied, employer must retain the documentation for 4 years. Numerous other employer recordkeeping and 4-year retention requirements apply. Covered employers must post DOL Model Notice regarding the emergency leave requirements on employer's premises, or can e-mail or direct mail to employees or post on employer's internal or external website.

EMPLOYER FEDERAL PAYROLL TAX CREDIT FOR FFCRA REQUIRED LEAVE PAYMENTS

An employer's wage payments for a required leave generate a refundable credit on a quarterly basis for the amounts of its payments (and for its cost to maintain health insurance coverage for the employee for the leave period) against its required federal income tax withholding amounts and the employer and employee portions of the Social Security and Medicare taxes otherwise due from the employer for all its employees' wages for that quarter.

Employer may retain the credit amount from its federal payroll tax payment obligations. If there are not sufficient payroll taxes to cover the required emergency leave payments, employers will be able to obtain the credit in advance for the amount of the leave payments that exceeds the employer's payroll tax liability for the quarter, using IRS Form 7200.

Credit available only to the common law employer, including where the employer uses a third party payer, such as a payroll agent or professional employer organization (PEO).

EMPLOYER FEDERAL PAYROLL TAX CREDIT FOR FFCRA REQUIRED LEAVE PAYMENTS

Credit also applies to self-employed individuals with certain modifications - they will claim the credit on their income tax returns and reduce their estimated tax payments. Self-employed individuals are not able to obtain the credit in advance.

To claim the emergency leave tax credits, employer should maintain certain documents and records for 4 years, including those that show how the employer determined the amount of emergency paid sick leave and emergency family leave payments to employees that are eligible for the credit, including records of work, telework and leaves, as well as copies of any completed IRS Forms 7200 and 941 the employer (or its payroll agent or PEO) submitted to the IRS.

CARES ACT

Deferral of Payment of Employer Portion of 2020 Social Security Tax - For the period March 27 - December 31, 2020, otherwise required deposits of the employer portion of the Social Security tax will be considered timely if 50% of the required deposits are made by December 31, 2021, and the remaining 50% is deposited by December 31, 2022. For self-employed individuals, the deposit deferral also extends to 50% of the Social Security portion of the SECA tax and related estimated tax payment obligations. If an employer utilizes a payroll agent or professional employer organization (PEO) for federal payroll tax deposit purposes, and directs the agent or PEO to defer the deposit of its payroll taxes, solely the employer will be liable for the deposits being made under this provision on a timely basis.

The deferral is not available for an employer that has had indebtedness forgiven under a loan received under the Paycheck Protection Program.

CARES ACT

Employee Retention Credit

Employee Retention Credit

- Refundable payroll tax credit applicable to employer portion of the Social Security tax, equal to 50% of the amount of the "qualified wages" paid or incurred from March 13, 2020 through December 31, 2020. Credit available to employer for any calendar quarter:
  1. Where the employer's operations were fully or partially suspended due to a COVID-19 related shut-down order, or
  2. Beginning with a 2020 calendar quarter for which the employer's gross receipts declined by more than 50% when compared to the same quarter in 2019, and ending with a 2020 calendar quarter for which the employer's gross receipts are greater than 80% of its gross receipts for the same calendar quarter in 2019.

Qualified wages

- For employers that for 2019 had an average of:
  1. Greater than 100 full-time employees - wages paid to employees only when they are not providing services, and
  2. 100 or fewer full-time employees - all employee wages. Must count employees of affiliates if a "controlled group" or a group of businesses under "common control" based on a greater than 50% ownership standard, or if an "affiliated service group".

CARES ACT

- Credit provided against the first $10,000 of compensation, including cost of health plan coverage, paid to an eligible employee for all applicable calendar quarters.
- Employer can obtain credit in advance using IRS Form 7200.
- Credit available only to the common law employer, including where the employer uses a third party payer, such as a payroll agent or PEO.
- Credit not available to self-employed individuals.
- **Employer cannot receive an employee retention credit for the same wages that it receives a credit for - mandatory payments for emergency paid sick leave or emergency paid family leave under the FFCRA, paid leave under the Family Medical Leave Act of 1993 or for a Work Opportunity Credit.**
- **Employee retention credits are not available to an employer that receives a loan under the Paycheck Protection Program.**

CARES ACT

Tax-Favored IRA and Retirement Plan Withdrawals

The 10% excise tax on taxable IRA/tax-qualified retirement plan distributions received when younger than age 59-1/2 not applicable to a distribution received on or after January 1, 2020 and before December 31, 2020, of up to $100,000. Applies only to an individual who or whose spouse or dependent is diagnosed with SARS-CoV-2 or COVID-19 per a test approved by the CDC, or who due to SARS-CoV-2 or COVID-19 experiences adverse financial consequences as a result of being quarantined, furloughed or laid-off or having work hours reduced, being unable to work due to a lack of child care, school closing or reduced hours of a business owned or operated by the individual, or for other factors determined by the Secretary of the Treasury. A retirement plan administrator can rely on an employee's certification that the above requirements have been met. The distribution can be partially or fully repaid by making, at any time during the 3-year period beginning on the day after the date of the distribution, one or more contributions to an eligible retirement plan that accepts rollover contributions, for a total amount no greater than the amount of the distribution. This will avoid federal income taxation on the receipt of the distribution as if it had been contributed as a timely direct rollover. Unless the recipient elects not to have it apply for any tax year, the taxable amount of the distribution may be included in income ratably over 3 years.

CARES ACT

Increased Maximum Tax-Qualified Retirement Plan Loans - For the 180 day period following enactment, the tax-qualified retirement plan loan limit is doubled for a loan to an individual who or whose spouse or dependent is diagnosed with SARS-CoV-2 or COVID-19 or who due to SARS-CoV-2 or COVID-19 experiences adverse financial consequences as a result of being quarantined, furloughed or laid-off or having work hours reduced, being unable to work due to a lack of child care, school closing or reduced hours of a business owned or operated by the individual, or for other factors determined by the Secretary of the Treasury. If the individual has an outstanding plan loan (other than a home loan) under which any repayment due date occurs between the enactment date and December 31, 2020, the repayment due date will be delayed for 1 year.

2020 Waiver of Required Minimum Distributions - Required minimum distributions are suspended for 2020 for IRAs and for many defined contribution retirement plans, including ned contribution tax-qualified retirement plans.



STATE & LOCAL TAX

COVID-19 Multistate Tax Considerations

STATE & LOCAL TAX – COVID-19

Key Issues to Watch & Consider

April 15th Income Tax Extensions	Sales Tax Relief	Trust Fund Taxes	Penalty (& Interest) Abatement	Maintain recordkeeping
• State-by-state • Not all follow Federal July 15th • Filing and payment? • Automatic or elective?	• State-by-state • Extension? • Penalty and/or interest relief? • Eligibility requirements	• Sales Taxes & Payroll Taxes • "Responsible Person" personal liability	• State-by-state relief • Case-by-case • Watch eligibility	• Continue to maintain good record keeping practices as much as practical

STATE & LOCAL TAX – COVID-19

Key Issues to Watch & Consider

Remote Workforce Considerations

- Nexus
  - Employees working from home rather than office location *could* cause a new nexus footprint
- Apportionment
  - Consider impact upon payroll factor
- Withholding Tax
  - Consider impact upon withholding obligations
- Businesses *should* be able to adhere to employer locations for COVID19 telecommuters for SALT purposes
  - E.g., NJ announced it will utilize employer location during COVID19 pandemic
  - Watch impact of "convenience" rules and reciprocity agreements

Process Issues

- Practitioners seeking states to relax or waiver certain business-as-usual requirements:
  - Waive requirements to file hard copy documents
  - Waive requirements for documents to be notarized
  - Waive requirements for wet-signatures
  - Allow ACH transfers instead of checks
  - Allow electronic signatures

Credits/Incentives

- Monitor new relief programs & eligibility
- Monitor compliance with existing programs
  - Businesses may have difficulty meeting employment or capital requirements

STATE & LOCAL TAX – COVID-19

Key Issues to Watch & Consider

Department of Revenue Closures

- Limited staffing
- Office closures
- Longer hold times for phones
- Email or online service accounts may be the best way to communicate

Audits

- Field visits suspended
- Many audits can continue remote with document exchange via secure email
- Liberal use of statute waivers
- Evaluate settlement opportunities

Court Closures

- Many courts closed or limited staffing
- Governors extending SOLs (may or may not impact tax deadlines)

Collection Enforcement

- IRS has suspended certain enforcement techniques
- Monitor states for similar measures
  - Payment plan payments
  - Liens/levies

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PAYCHECK PROTECTION PLAN

Presented by:John Lanza

August 13, 2020

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PAYCHECK PROTECTION PROGRAM

Eligibility and FAQ's

- Closed (new applications) August 8th ($125B still avaialble/ $670B)
  - SBA forgivable loan program
- Eligibility and Max loan
  - Small business standards, FTE's < 500 (worldwide)
  - 2.5 X (2019 or trailing 12 months) payroll
  - $10M
- The assessment of the company's "need"
  - Accounting perspective (current ratio, undrawn debt)
  - Legal perspective (affiliates)
  - Potential political fallout
  - Loans > $2m
- CARES Act, SBA Guidance, FAQ (June 25, 2020) and IFR

PAYROLL PROTECTION PROGRAM

Standard Terms

- Loans funded pre 6/5/2020
  - Two years (extendable to five)
- Loans funded on or after 6/5/20
  - Five years
- 1% (all payments deferred for 6 months)
- Standard promissory bank or SBA 7a loan agreements
- No collateral, no personal guarantees
- No fees

PAYROLL PROTECTION PROGRAM

Allowable Uses (eligible expenses)

- Payroll (min 60%)
  - Prorated salaries < $100K (gross amount)
  - Bonus, vacation, sick, separation
  - Company's cost for health insurance
  - Company's cost for retirement benefits
  - State and local taxes (unemployment)
- Rent, utilities and other interest (max 40%)
  - Real and personal property rents (executed prior to 2/15/20)
  - Heat, lights, gas, transportation(?), internet
  - Secured debt interest (executed prior to 2/15/20)
- Expenses must be accrued and paid

PAYROLL PROTECTION PROGRAM

Estimating Forgiveness

- 100% forgivable if 100% spent on eligible cost (60/40) during the covered period and maintained payrolls
- Covered period
  - Loan funding date
  - Choose 8 or 24 weeks
  - Alternative payroll period (8 or 24)
- Application due 10 months from last day of covered period
- No payments (interest or principal) required until SBA remits forgiveness amount
- New forgiveness FAQ (8/4/20)
  - Expect more updates

PAYROLL PROTECTION PROGRAM

Forgiveness Considerations

- Reductions of the forgiveness if FTE #'s and/or $ paid are reduced:
- Ave FTE per pay period Vs 2/15/19-6/30/19 or 1/1/20-2/29/20 (FTE = 40hrs)
- Average wages (covered period) Vs. Average wages 1/1/20 – 3/30/20
- Exceptions may apply
  - Good faith effort to rehire, replace
  - Employee quit (voluntarily) or terminated for cause
  - Notify applicable unemployment offices
- SBA accepting applications on August 10

MAIN STREET LENDING PROGRAM

Middle Market Assistance

- 15,000 > FTE or 2019 annual gross receipts < $5B
- No more than 49% participation by foreign or a tribal business
- Loans range from $500K - $200M, closing costs, LIBOR, 4 maturity
- Max loans based on outstanding and undrawn debt and EBITA
- Lender's risk analysis
- Secured and unsecured
- Prohibits distributions (other than tax $) for 12 months after maternity date
- Freezes salaries for individuals > $425k

IF YOU NEED MORE SUPPORT THAN FUNDING ASSISTANCE

A RAPID RESPONSE SOLUTION TO COVID-19 BUSINESS DISRUPTION

CohnReznick's **NOW. NEXT. NEW.** framework helps business leaders prioritize actions to mitigate disruptions endangering your enterprise, so you can start planning for a new way of conducting business.

Now (Triage)

- Things you should check-on or do in this moment that are mission critical to survival
- *Example: Evaluate your cash position*

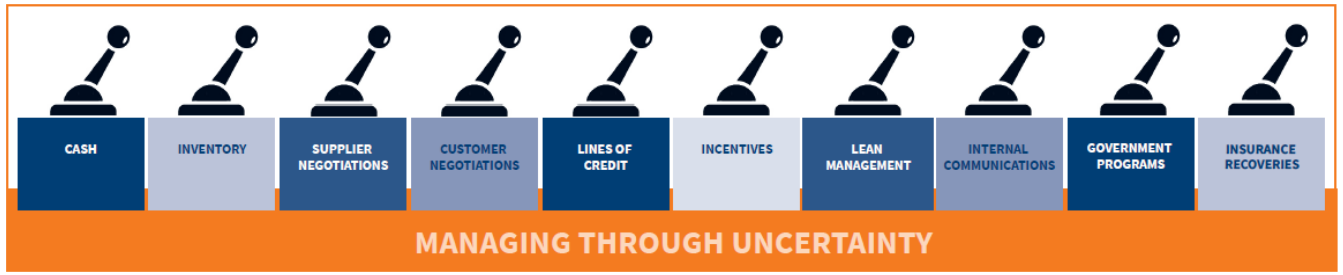
Next (Transition)

- Things you should do to steady the ship after you have solved for your immediate needs
- *Example: Assess remote collaboration capability*

New (Transform)

- Things you could do to enhance your competitive position or respond to future market shocks
- *Example: Evaluate supply chain agility*

START with **CohnReznick's Rapid Assessment Tool** to identify and pull the right levers to manage through Covid-19 related uncertainty and get your business back-on-track.



Our Rapid Assessment Tool helps businesses with:

- Cash Flow Management
- Personnel Challenges
- Loans/Assistance/Tax Relief Analysis
- Cost-Cutting/Optimization Process, Technology, and Operational Roadmap
- Regulatory Challenges
- Longer-Term Personnel Planning
- Interim Crisis Management
- Sales/Revenue Generation
- Refinance/Capital Raise
- Urgent Logistics /Technology Barriers
- Product/Revenue Change
- Supply Chain Management
- Data Management
- Performance Improvement

Learn more on CohnReznick's Coronavirus Resource Center

WE'RE HERE FOR YOU



For additional insights, visit CohnReznick's Coronavirus Resource Center.

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QUESTIONS