BUSINESS BRIEFING

Emerging Clarity: CARES and Other Updates

April 16, 2020

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Ryan Rauschenberger, Tax Commissioner
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#InThisTogetherND
This presentation is NOT all-inclusive of all federal stimulus aid. The information you receive today does not serve as legal or financial advice. You should consult with your financial services professional before making any decisions regarding your business.

4/16/2020
The goal today is to PROVIDE YOU NEWLY AVAILABLE INFORMATION to help you more thoroughly understand the options available to your business, not to help you choose a course of action.
ASK QUESTIONS

SUBMIT YOUR QUESTIONS TO businesshelpCOVID19@nd.gov
This recording and materials will be available for later use. Please spread the word to North Dakota businesses through your social media, business and trade groups, and other ways.
AGENDA

• Seen and heard: financial support for small businesses – what’s new since last week?
• I got the PPP loan – now what?! 
• That’s in the CARES Act too?
• Uh oh, the Fraudsters understand the CARES Act too – what to watch for
• What Comes Next?
• Closing Remarks
Seen and heard: financial support for small businesses – what’s new since last week?

- EIDL
- PPP
- Unemployment Insurance
- Direct Payments
• If you applied, check your status...
  – Email disastercustomerservice@sba.gov for an update
• Emergency advance based on # FTE’s
• Disbursements have begun!
PPP PAYCHECK PROTECTION PROGRAM
PPP UPDATES

- 10-day Disbursement Requirement
- Additional guidance received Tuesday, April 14, 2020 for individuals with self-employment income
10-DAY DISBURSEMENT

• Lenders must disburse proceeds within 10 days of approval

• If you have already been approved for and accepted the PPP, receipt of funding cannot be delayed more than 10 days
Additional guidance received Tuesday, April 14, 2020 for individuals with self-employment income

- Self-employment defined as a sole proprietor or independent contractor
  - In operation on 2/15
  - U.S. Resident
  - who filed (or will file) a Form 1040, Schedule C
1. Am I eligible for a PPP loan?

2. How do I calculate the maximum amount I can borrow and what documentation is required?

3. How can PPP loans be used by individuals with income from self-employment who file a 2019 Form 1040, Schedule C?

4. Are there any other restrictions on how I can use PPP loan proceeds?

5. What amounts are eligible for forgiveness?

6. What documentation is required for loan forgiveness?
Unemployment Insurance
REMINDERS

• Must be unemployed for COVID-19 related reason to receive PUA or PEUC
• Cannot quit a job to receive benefits because benefit amount is higher than wages
• Review FAQ’s on jobsnd.com for updated info
  – Will provide updates when PEUC and PUA processing/payments are to begin
• $600/week addition to benefit payments through 7/31
• Technology programming completed
• Payments began 4/15
• Approximately $1 million paid on 4/15
PUA

- Expands eligibility to independent contractors, self-employed, gig workers
- Have received initial federal guidance
  - More guidance to come
- Accepting applications at jobsnd.com
  - Will process/pay when programming complete
- As of April 15 – 5,821 claims filed
• 13 week extension of benefits for those who exhaust regular state benefits
• Have received initial federal guidance
  – More guidance to come
• Accepting applications at jobsnd.com
  – Will process/pay when programming complete
• As of April 15 – 5,964 claims filed
As of 4/11, $$$ is moving!

Those who haven’t filed taxes in 2018, 2019 and not on Social Security should go to IRS site to provide information.

“Get My Payment” portal announced yesterday (4/15) at IRS.gov
I GOT THE PPP LOAN – NOW WHAT?!

• What can I spend funds on?
• Documentation!
• PPP Forgiveness.
WHAT CAN I SPEND PPP FUNDS ON?

• Payroll
• Mortgage interest
• Rent
• Utilities
• DOCUMENT EVERYTHING

• Ideas:
  – Keep separate account
  – Create new codes in software
  – Anything that will assist you in differentiating expenses
PPP FORGIVENESS

• The SBA and Treasury are still working on specific guidelines, but...
THAT’S IN THE CARES ACT TOO?

- Certain Extensions (Federal and State)
- Employee Retention Tax Credit
- Deferral of Payment of Employer Payroll Taxes
- SBA Debt Relief
NEW TAX RELIEF – NORTH DAKOTA EXEMPTIONS IN ALIGNMENT WITH IRS

• Businesses with fiscal year ends of Jan. 31 and Feb. 2
  o Extended to July 15

• Fiscal year corporations and fiduciary Qtr 1 estimated payments due May 15 and June 15
  o Extended to July 15

• Calendar year taxpayers Qtr 2 estimated payments due June 15
  o Extended to July 15

• Businesses with May 15 and June 15 filing dates
  o Extended to July 15
EMPLOYEE RETENTION TAX CREDIT

- What is it?
- Who is eligible (and ineligible)?
- How is the credit calculated?
- How is it claimed?
DELAY PAYMENT OF EMPLOYER PAYROLL AND SELF-EMPLOYMENT TAX

- What is postponed? 6.2% social security tax on payroll from March 27 – December 31, 2020
- New due date?
  - Business: employer share postponed - 50% due 12/31/21; 50% due 12/31/22
  - Self-Employed: ½ of self-employment tax postponed, with 25% due 12/31/22; remaining 25% due 12/31/22
- Those who receive PPP forgiveness are only eligible until the lender decides the loan is forgiven. After the forgiveness date the employer may no longer defer taxes.

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EMPLOYER-PAID STUDENT LOANS EXCLUDED FROM INCOME

- CARES Act permits employers to pay up to $5,250 on employees’ student loan debt
  - Tax free to employee
  - Excluded from payroll taxes for employer
  - (combined limit of $5,250 for tuition paid for employee + student debt paid)
SMALL BUSINESS DEBT RELIEF PROGRAM

- 7(a) loans
- 504 loans
- Express loans

MORE GUIDANCE COMING....
Uh oh, the fraudsters understand the cares act too – what to watch for
FAKE OR UNREGULATED LENDERS OFFERING PPP

• Legitimate lenders are:
  – Approved by SBA
  – Licensed in North Dakota [check licensing status]

• Increase in:
  – Business email compromise
  – Ransomware

• Most commonly COVID-19 related scams:
  – Fake tests or cures
  – Illegitimate health organizations
  – Malicious websites
  – Fraudulent charities
WHAT COMES NEXT?

ND Smart Re-start

• MSI SURVEY

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IN CLOSING

More to come – implementation resources and guidance are developing.
THANK YOU