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Dear Client,

As you read this material the world as we know it is changing rapidly. We hope you and your family are healthy, safe, and able to remain productive during this time.

At the current time, the team at Bobby Medlin CPA Group continues to work normal business hours (7:30 to 4:30). In order to protect the health of our team members, clients, and communities many of our team members will be working from home, which we are well positioned for as a result of our investment in, and use of, leading-edge technology.

Due to the COVID-19 virus concern, we have closed our physical office spaces to the public at least through April 5 as a precautionary measure. In order for you to provide us with additional tax documents, accounting information, and any other information, you may use our secure portal system *Liscio* (preferred method), regular mail, fax (660) 433-2107, or place information through our mail slot at the front door of one of our offices.

Delivery of all tax returns, completed work, and other documents will be sent through your secure Liscio portal or via USPS mailing during this time. We will continue to call you when completed work is ready to upload or mail to you.

We are available to continue advising you as we are monitoring our emails, answering your phone calls, and communicating via our preferred messaging system, Liscio, which you can access from our website client center at www.bobbymedlincpa.com if you have previously activated your account. If you have not activated your account, email services@bobbymedlincpa.com and we will create a link for you to copy and paste into your browser to activate your Liscio account, where you can access files, upload files, and easily send messages safely and securely.

Although our team is answering phone call, you may need to leave a message for us to return your call if you do not receive an answer.

As you likely already know, the Federal and Missouri tax return filing dates have been pushed back from April 15 to July 15. The following information will help you understand how the change in filing dates works, and will also provide you additional important information.

Internal Revenue Service (IRS) Extends Payment and Filing Deadline

Per the federal relief described in [Notice 2020-18](#), the IRS moved the national 2019 income tax filing day of April 15, to July 15, 2020, three months after the normal deadline for Americans to send in their returns because of the hardships created by the coronavirus pandemic. Specifically:

- The April 15, 2020 income tax payment deadline has been extended to July 15, 2020 for all taxpayers, not just those below the tax due thresholds mentioned in the news earlier last week.
- The filing and payment extensions apply to individuals, trusts, estates, partnerships, corporations, associations, and companies.
- The relief applies only to income tax returns and income taxes, no extension is provided for the payment or deposit of any other type of federal tax, or for the filing of any federal information return.
- Payroll tax filings and payments are not extended by this notice.
- Estimates due on April 15, 2020 are extended to July 15, 2020 (there is no discussion of second quarter estimates).

You do not need to obtain an extension of time to file your tax returns in order to qualify for the July 15 due dates. If you need an extension of time to file until October 15, 2020, an extension may be filed on or before July 15, 2020.

Reminder and Planning Tip

As of today, it appears the due date for making 2019 IRA contributions is unchanged. If so, that deadline remains April 15, 2020.

In addition, it appears the due date for making 2019 Health Savings Account contributions also remains April 15, 2020.

Missouri Department of Revenue

As explained by a weekend press release on the Missouri Department of Revenue website:

- The deadline to file income tax returns has been extended from April 15, 2020, to July 15, 2020.
- Income tax payment deadlines for individual and corporate income returns with a due date of April 15, 2020, are extended until July 15, 2020. This payment relief applies to all individual income tax returns, income tax returns filed by C Corporations, and income tax returns filed by trusts or estates. The Department of Revenue will automatically provide this relief, so filers do not need to take any additional steps to qualify.
- This relief for individuals and corporations will also include estimated tax payments for tax year 2020 that are due on April 15, 2020.
- Penalties and interest will begin to accrue on any remaining unpaid balances as of July 16, 2020. Individuals and corporations that file their return or request an extension of time to file by July 15, 2020, will automatically avoid interest and penalties on the tax paid by July 15.

Families First Coronavirus Response Act (H.R.6201)

On Wednesday, March 18, 2020, the President signed into law H.R. 6201, the "Families First Coronavirus Response Act". This act provides for supplemental appropriations related to the COVID-19 public health emergency, as well as waivers and modifications of Federal nutrition programs, employment-related protections and benefits, health programs and insurance coverage requirements, and related employer tax credits and tax exemptions.

If your employees, you, or a family member, miss work because of a Coronavirus diagnosis, quarantine or test, because of your employer closing due to Coronavirus issues, or because of your children's school closing due to Coronavirus, document the missed days accurately. Your applicable tax credits will depend upon accurate information of days of work missed.

Highlights of the new law include:

Emergency paid sick leave: Private sector employers with fewer than 500 workers and all public sector employers will be required to provide paid sick leave (two weeks for full-time employees and average hours over a two-week period for part-time employees) necessary (1) to respond to an isolation or quarantine order or advisory, (2) for those experiencing COVID-19 symptoms, or (3) to care for a family member or for a child whose school or place of care is closed due to a public emergency. The paid leave is capped at \$511 per day / \$5,110 in the aggregate for those on leave because of their own health issue, and \$200 per day / \$2,000 in the aggregate for those

caring for others. The US Department of Labor (DOL) has authority to issue regulations to exempt small businesses with fewer than 50 employees.

Emergency family and medical leave: Private sector employers with fewer than 500 workers and government entities must provide as many as 12 weeks of job-protected leave to employees to care for a child whose school or place of care is closed. The first 10 days could be unpaid, although a worker could choose to use other accrued leave. Employers will be required to pay employees two-thirds of their wages, not to exceed \$200 per day / \$10,000 in the aggregate. The Labor Department is authorized to issue regulations to exclude certain health care providers and exempt small businesses with fewer than 50 employees.

Tax credits for paid sick and family and medical leave: Employers will receive a 100% refundable payroll tax credit on the wages required to be paid under such leave and additional health benefit contributions. Also, any additional wages paid due to the leave requirement will not be subject to the employer portion of Social Security/Medicare (FICA) tax.

Unemployment insurance: As much as \$1 billion will be provided for emergency transfers to states in fiscal 2020 to process and pay unemployment benefits. Individuals in states with rising unemployment can qualify for an additional 13 weeks (20 in some states) of unemployment benefits. States must meet certain stringent criteria to be eligible for federal grants under this provision, including the requirement that the benefits not be chargeable to employer accounts. These funds do not constitute Disaster Unemployment Assistance, which is funded directly by the federal government (and also not charged to employer accounts) in the event of a qualifying major disaster declaration.

Increase in Medicaid funding: States receive a 6.2% Medicaid FMAP (federal Medicaid assistance percentage) increase for all medical services for the duration of the public health emergency. Other provisions: Food and nutrition assistance and funding for free testing are provided.

US Small Business Administration (SBA) Disaster Loans

The newly announced SBA Disaster Relief Loan process is offering business loans of up to \$2 million, with an interest rate of 3.75% and at term lengths going out as long as 30 years. We are advising our clients in need to apply for it as quickly as possible. The one downside to the loan is the lack of immediate relief. The SBA is estimating a best-case scenario of 3-4 weeks from the time of application to an initial cash disbursement of \$25,000. We think the more likely scenario is a minimum of 6-8 weeks.

You would need to apply directly with the SBA. Here is the link to find out more about SBA loans: <https://disasterloan.sba.gov/ela/Declarations/Index>

Understand that as we write this material, Congress is debating another wave of legislation which could provide an extensive change to the normal USB Disaster loan process because of the pandemic. These changes could make additional SBA loans available in an expedited manner.

Missouri Unemployment Benefits

For employees that have already been laid off or business owners that are contemplating making layoffs, the Missouri Department of Labor website is an excellent resource. Share with your employees if needed. The link to find out more is <https://labor.mo.gov/>

Additional Information

There are currently many unknowns. As mentioned above, further relief is much needed on due dates for Federal payroll tax filings, sales tax, state payroll tax filings, HSA contributions, and IRA contributions.

We remind you, please do not send confidential information, such as social security numbers, date of birth, etc., via email. It is simply not safe to do so. We strongly encourage you to use the Liscio method listed above to transmit all information and messages to us. Unfortunately, during times of crisis, unscrupulous attempts to compromise your identity and security increase.

As we enter the week, Congress has been working nonstop on a stimulus bill which will have far-reaching provisions. Legislation and taxing authority guidance are occurring at a rapid pace. Stay tuned. As tax updates become available, we will keep you updated.

Please contact us if you have any questions or need our guidance.

The Team at Bobby Medlin CPA Group