



ADAPT & RECOVER:
**MOVING FORWARD
TOGETHER**
WEBINAR SERIES

A person wearing dark blue jeans and tan leather shoes is walking on a dark asphalt road. A large, light-colored arrow is painted on the road, pointing towards the horizon. The background is a bright, hazy sky.

SESSION NINE

September 25, 2020 | 11:00 A.M. ET

➤ Housekeeping Items

- The webinar will be recorded and shared as soon as it is available via email
- Today's materials will be shared in the chat box and are available on RKL's Business Recovery Resource Center at rklcpa.com
- All lines are muted
- NASBA CPE requirements – in order to receive CPE for this webinar:
 - Participants must be connected to the session (both audio and presentation) for its entirety
 - Participants must answer three questions/elements of engagement
 - One (1) hour of CPE in the field of tax will be granted if you meet these requirements

DISCLAIMER: The presenters, Bethany Novis, John Stoner and Ruthann Woll, and RKL LLP and its subsidiaries/affiliates are not held responsible for information that has changed or will change and makes no representation or warranty as to the ongoing accuracy of the information presented orally or in writing. Attendees should consult with legal, accounting and other advisors.

➤ Meet Your Team for Today's Presentation

Hot Topics: Leave Considerations amid School Closings and More



BETHANY NOVIS, CPA/ABV, CVA, CFE | *Partner/Leader, Consulting Services Group*

Bethany is Partner and Leader of RKL's Consulting Services Group. A Certified Fraud Examiner, Bethany has more than two decades of experience delivering forensic accounting services such as employee theft investigations, reconstruction of financial records and damage calculations for litigation purposes. She is also a highly credentialed business valuator, specializing in valuation of stock for gifting, buyouts and wealth planning.

Avoiding a COVID-19 Cash Crunch



JOHN STONER, CPA, CVA | *Partner, Consulting Services Group*

John is a Partner in RKL's Consulting Services Group and a highly credentialed valuation professional and consultant who helps business owners navigate a wide range of complex issues and transactions. From litigation support to succession planning to mergers and acquisitions, John provides his clients with objective assessments, thorough analysis and strategic perspective to foster successful outcomes.

Year-End Individual Tax Planning



RUTHANN WOLL, CPA | *Partner, Tax Services Group*

Ruthann is a Partner in RKL's Tax Services Group. She oversees firm wide individual tax planning and compliance efforts and leads the firm's nonprofit tax niche. Ruthann comprehensively serves the tax accounting needs of high-net-worth and high-earning individual clients, helping them minimize tax exposure through strategies like gift and estate planning, tax-loss harvesting and charitable contributions.

➤ Deductibility of PPP Loan Forgiveness Expenses

Where we are right now:

- Congressional intent in CARES Act: No tax forgiveness income; full deductibility of expenses
- Treasury Notice 2020-32: referencing IRC 265(a), expenditures funded through a forgiven PPP loan are not tax deductible
- Bipartisan support in Congress to legislate a fix to allow for deductibility of expenses
 - Unless this happens, Treasury Notice 2020-32 prevails

RKL/RSM's current position on timing of non-deductibility of expenses:

- Bona fide loan until forgiveness decision is rendered by financial institution/SBA
- Accordingly, expenses are deductible until forgiveness occurs
- Fiscal year taxpayers and annualization of estimates

➤ How do the various school operations impact employee eligibility for Families First Coronavirus Response Act leave?

“Hybrid” schedules:

- Employees are eligible for FFCRA on the days when:
 - The child is **not permitted** to attend school
 - No other “suitable” person is available to assist with the remote-learning on those days

Optional scheduling:

- Employees are not eligible for FFCRA if they choose any remote learning opportunities but the school is open full-time for all students

➤ An employee attended a family picnic and a family member at the picnic has tested positive for COVID-19. The employee has not returned to work. What should we do?

If you have a pandemic response action plan, you should follow your plan. If you don't have a plan, we encourage you to consider developing a policy that outlines the procedures that you will follow under various circumstances. Ensure that your employees understand the protocol outlined in the plan.

In a situation such as this (a confirmed case with someone that they had unmasked, direct contact with for more than 15 minutes), the employee should self-quarantine for 14 days at home in order to mitigate risk to your employees and customers.

The employee may work from home if their position allows or they would use their own paid time off or take unpaid time off for the days that they would be off work.

➤ My PPP loan document shows I have a payment due this fall. Do I need to pay this?

No. Many of the loan documents show your first payment due this fall. However, the rules surrounding payment of your loan/interest were amended in FAQs issued August 4, 2020.

➤ FAQ #3 August 4, 2020: If a borrower submits a timely loan forgiveness application, does the borrower have to make any payments on its loan prior to SBA remitting the forgiveness amount, if any?

As long as a borrower submits its loan forgiveness application within ten months of the completion of the Covered Period, the borrower is not required to make any payments until the forgiven amount is remitted to the lender by SBA.

If the loan is fully forgiven, the borrower is not responsible for any payments.

If only a portion of the loan is forgiven, or if the forgiveness application is denied, any remaining balance due on the loan must be repaid by the borrower on or before the maturity date of the loan.

Interest accrues during the time between the disbursement of the loan and SBA remittance of the forgiveness amount. The borrower is responsible for paying the accrued interest on any amount of the loan that is not forgiven.

The lender is responsible for notifying the borrower of remittance by SBA of the loan forgiveness amount (or that SBA determined that no amount of the loan is eligible for forgiveness) and the date on which the borrower's first payment is due, if applicable.

POLLING QUESTION

To be eligible for CPE, 3 polling questions must be answered.

➤ Top Takeaways: Avoiding a COVID-19 Cash Flow Crunch

- Reevaluate your business cost structure
- Improve your organization's cash conversion cycle
- Determine non-operating cash outflow requirements
- Incorporate cash flow forecasting to your monthly financial reporting
- Consider the financial implications of differing scenarios
- Blog post: [Response and Recovery in Focus: Avoiding a COVID-19 Cash Flow Crunch](#)

➤ Top Takeaways: Individual Tax Planning

- Biden's tax policy
 - Higher income tax rates for taxpayers with income over \$400,000
 - Long-term capital gain rates will be increased to ordinary rates for income above \$1 million
- Income tax planning
 - Harvesting capital losses will depend on your adjusted gross income in 2020 as well as the election
 - Charitable giving for 2020
 - New above-the-deduction of \$300 for charitable contributions
 - Elimination of adjusted gross income limitation for charitable contributions
 - However if income is lower in 2020, may want to delay giving until after election

THANK YOU FOR PARTICIPATING

Questions?

- Contact your RKL advisor
- Visit RKL's [Business Recovery Resource Center](#) for more updates and guidance

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