



BULLETIN #74/2020 MAY 26, 2020

_CORONAVIRUS UPDATE #60

TREASURY, SBA ISSUE TWO NEW PPP INTERIM FINAL RULES

NEW PPP LOAN FORGIVENESS WEBINAR – WEDNESDAY, MAY 27, 2PM

ECONOMISTS URGE STATE TAX HIKES NOW

NADA DEALERSHIP LIFELINE WEBINARS THIS WEEK

MASSACHUSETTS COVID-19 DAILY TRACKER

[This bulletin supplements our previous bulletins #11 and #16 through #73 on this subject matter. These bulletins are intended to be cumulative so we can avoid repeating the same information.]

Treasury, SBA Issue Two New PPP Interim Final Rules

[Information from NADA and Albin Randall & Bennett]

Late Friday, May 22, the U.S. Treasury Department and the Small Business Administration issued two new Interim Final Rules regarding the Paycheck Protection Program:

- [Interim Final Rule on Loan Forgiveness](#), regarding codifying guidance in the forgiveness application package; and
- [Interim Final Rule on Loan Review Procedures and Related Borrower Responsibilities](#), regarding the forgiveness application/review/potential denial/appeal process for which most will not initiate until after June 30, 2020.

Bart Haag of Albin Randall & Bennett, an MSADA associate member, offers the following comments on the new IFRs:

- It appears payroll costs can be **paid OR incurred** in order to be eligible for forgiveness. If so, this would mean borrowers can get more than 56 days of costs forgiven. One reason not to choose the Alternative Covered Payroll Period might be if there is benefit gained by a payroll cycle being paid after funding but before first day of next payroll cycle. On last week's ARB webinar, we indicated this was still an open question. There are still ambiguities in the IFR that make us question this result. Absent additional guidance before filing your forgiveness application, we would follow the IFR and consider any payroll incurred or paid in the 8-week period a forgivable expense. We have elected to be conservative in our workbook and have decided to wait to revise it until additional guidance is issued by Treasury that will hopefully clear up the ambiguities. The workbook, however, can be manipulated to include this information. We will update as soon as we get more



manipulated to include this information. We will update as soon as we get more information.

- Eligible payroll costs can include bonuses and hazard pay. There had been some uncertainty over this.
- Owner payroll costs: limit is across all businesses. (No reference to affiliation rules.) There is a reference to 2019 retirement and health care. As we said in last week's ARB webinar, it appears these are forgivable BUT are part of the \$100,000 limit for owners. It also appears SUTA for owners are not eligible. Still no clarity regarding definition of owner and whether or not corporate owners are included in this definition.
- Non-Payroll Costs – again appears to allow either paid OR incurred – seems you can get more than 2 months. Additionally, opens the door to prepay some expenses, except mortgage interest, and include that in the forgiveness calculations. Still 25%, so may limit the usefulness of this strategy. On last week's ARB webinar, we indicated we did not expect this interpretation. The workbook can likely handle this pretty easily with just a change to the instructions for how to complete the Forgivable Costs tab.
- In order to use the FTE exception for a good faith written offer of employment being declined: the salary or wages and # of hours should be based on the last pay period prior to separation or reduction. Also, there is a new provision that was not discussed on the ARB webinar, employer will need to pro-actively inform state unemployment department. The process to do so is to be determined.
- Definition of FTE: 40 hours is 40 hours. There does not appear to be an exception for companies with normal work schedules less than 40. From a practical matter, we could still probably say that salaried employees are paid for 40 hours even if only required to work less. The less than 40 would apply to the hourly employees. We indicated on the ARB webinar that if your fulltime standard is less than 40 hours, you could use the lesser number in your FTE calculation. This seems to make clear that isn't allowed. However, as long as they use the same base for the comparison period, probably won't matter – it is still just a fraction. Also, remember the simplified 0.5 method is optional. In the normal method, you take the decimal to one place and round. So 36 hours is .9 and 38 hours or more is 1.0.
- Re-Hire Provisions: Uses the language “by June 30, 2020 or earlier” for the restoration of salary and wages and the language “not later than June 30” for the FTE restoration. Does that mean actual amount on June 30 itself is not relevant?

To access last week's PPP webinar by Albin Randall & Bennett, click [here](#).

Albin Randall & Bennett PPP Loan Forgiveness Webinar This Week

NEW PPP Webinar by Albin Randall & Bennett: “PPP Forgiveness Workbook Walkthrough” – Wednesday, May 27, 2pm ET. To register, click [here](#). After registering, you will receive a confirmation email containing information about joining the webinar.

Economists Urge Beacon Hill to Raise Taxes

[Courtesy of *State House News Service*]



As the wait continues for a fiscal 2021 budget plan, 91 economics professors are newly prodding lawmakers to raise taxes and to avoid spending cuts to make fiscal ends meet amidst plummeting revenues.

"Large cuts would erode the health and social infrastructure needed to continue combatting COVID-19, increase an already high level of inequality, and exacerbate the economic downturn. Instead of budget cuts, the state should look to raise revenues to balance its budget," the economists wrote [in a letter](#) to Gov. Charlie Baker and legislative leaders that was distributed Tuesday by the Massachusetts Budget and Policy Center.

Raising the personal income tax and the corporate tax "are fair ways to do this, since they fall only on persons with incomes and businesses with profits," the economists wrote, projecting that a 1 percentage point increase in the income tax could raise \$2.5 billion per year while a 1 percentage point increase in the corporate tax rate could raise \$180 million per year "even if the income tax base falls by 25 percent and the corporate tax base falls by 50 percent during this recession." They said the higher tax rates "could be phased back as the economy returns to its pre-recession level."

While he hasn't taken a no-new-taxes pledge, Republican Gov. Charlie Baker has generally discouraged tax increases although he's also been a strong advocate for government services, both at the state and local government levels. Democrats in the Legislature have over the years mostly refrained from increases in broad-based taxes, but have turned to tax increases to preserve government services in previous recessions.

"This is not the time for an austerity budget," MassBudget President Marie-Frances Rivera said in a statement. "The economists' letter underscores how public spending cuts would lengthen an oncoming recession, as it would take money out of our local economy that would otherwise recirculate and spur economic activity. Furloughing public employees, cutting state contracts to businesses and nonprofits, and reducing assistance to municipalities and low-income families will take money out of the Massachusetts economy, prolonging and deepening the recession. Avoiding budget cuts through targeted tax increases is the best way to build a strong recovery in Massachusetts."

Under emergency House rules, the House Ways and Means Committee must report a fiscal 2021 budget bill by July 1, the first day of the new fiscal year. State budget officials are monitoring tax revenues, an influx of federal aid, and the use of budget reserves as they contemplate budget fixes.

NADA Dealership Lifeline Webinar Series for This Week

NADA will conduct the following webinars this week:

- Wednesday, May 27, 1pm-2pm ET: [Post-COVID19 Expense Reduction Using Spend Management Best Practices](#). Doug Austin, from expense management solution provider StrategicSource, will discuss spend management strategies, processes, and best practices to reduce expenses.
- Thursday, May 28, 1pm-2pm ET: [Top Google Analytic Reports Dealers Should Know](#). Jim Dodd, NADA 20 Group consultant, will review how to set up Google



Analytics and apply it to your website performance. This will help business owners determine who your audience is, how they find you, and which online behaviors matter.

- Friday, May 29, 1pm-2pm ET: [*The Best Ideas from NADA 20 Groups, Part 5: In Times of COVID-19 Pandemic.*](#) Tom Carney, NADA 20 Group consultant, will review some of the best ideas from the NADA 20 Groups in part 5 of the series.

Recordings of [all webinars in NADA's Lifeline Series](#) are available to NADA and ATD members 24/7, free of charge. Click [here](#).

Daily Massachusetts COVID-19 Tracker

The state's COVID-19 Dashboard with up-to-the-date data can be found [here](#).