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Dear Client,

The world finds itself in an unprecedented time filled with anxiety, stress, and concern. We hope that you and your family are healthy and safe.

Thank you for your flexibility and patience as we work together during the COVID-19 pandemic. As the situation surrounding COVID-19 rapidly evolves, we want to assure you that we are committed to providing you with seamless and uninterrupted service, as we continue to maintain our operations and protect our employees and communities.

Most of our team members are working remotely to protect the health and safety of our team, their families, and the community. We are utilizing every form of communication available to us and to you - phone, email, video conferencing, secure client portals, mail/delivery with tracking services, and faxes to facilitate the flow of information. We utilize secure and innovative technology both in the office and at remote locations to assure secure transmission of that information.

Here are some important things that you should know:

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 ahead to July 15, 2020, three months after the normal deadline for Americans to send in their returns, in an effort to stem the financial pain from the coronavirus pandemic.

The new IRS notice clarifies some provisions for extended returns but leaves other questions unanswered. Here are the questions that were answered:

- 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 previously mentioned
- 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)

There is no discussion about extensions other than the July 15, 2020 date. Based on the new guidance, it appears if a taxpayer wants an extension to 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. Individuals can make 2019 traditional or Roth IRA contributions of up to \$6,000 (or \$7,000 if over 50 at the end of 2019) or, if less, up to the amount of their 2019 earned income. Higher income taxpayers are not allowed to contribute to a Roth IRA and

contributions to a traditional IRA may not be deductible based on income limitations and eligibility to participate in an employer's retirement plan.

Franchise Tax Board (FTB) Payment and Filing Deadline

The FTB is postponing until July 15, 2020 the filing and payment deadlines for all individuals and business entities for:

- 2019 tax returns
- 2019 tax return payments
- 2020 1st and 2nd quarter estimate payments
- 2020 LLC taxes and fees
- 2020 Non-wage withholding payments

To give taxpayers a deadline consistent with that of the IRS without the federal dollar limitations, FTB is following the federal relief described in [Notice 2020-17](#). Since California conforms to the underlying code sections that grant tax postponements for emergencies, FTB is extending the relief to all California taxpayers. Taxpayers do not need to claim any special treatment or call FTB to qualify for this relief.

Penalties and interest will begin to accrue on any remaining unpaid balances as of July 16, 2020. The IRS encourages those who might be due a refund to file as soon as possible, so their refunds can be processed.

Families First 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.

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 are the necessary steps to take:

1. Check to make sure your County and State is [currently eligible](#)
2. Review the [loan process and required documents](#)
3. [Apply with the SBA](#)

California Association of County Treasurers and Tax Collectors (CACTTC) Update

Per the [CACTTC COVID-19 Statement](#), the April 10, 2020 deadline remains unchanged for the Second Installment of Real Estate Property Taxes because critical county services, school and local financial obligations are dependent on those scheduled revenues. The CACTTC stated they may waive penalties, costs or other charges resulting from tax delinquency due to reasonable cause and circumstances related to this crisis.

California Payroll Tax Update

According to the [March 2020 update](#) on the Employment Development Department (EDD) website, employers statewide directly affected by the new coronavirus (COVID-19) may request

up to a 60-day extension of time from the EDD to file their state payroll reports and/or deposit payroll taxes without penalty or interest. This extension may be granted under Section 1111.5 of the California Unemployment Insurance Code (CUIC). A written request for extension must be received within 60 days from the original delinquent date of the payment or return.

Additional Information

There are currently many unknowns. Some items we wait further clarification on are due dates on federal payroll tax filings, sales tax, county business property statements, HSA contributions, and IRA contributions. We will reach out with more information as it is made available.

Transmission of Information

The health and safety of our staff and clients remain a top priority. Our office remains closed to the public. Most of our team is currently working remotely but we are still available at our regular extensions and emails. We continue to work hard to ensure your personal and business returns are filed in a timely matter and we appreciate your patience during this time.

Transmission of information can be through email, fax (**707-476-0675**), or the [secure HHH Client Portal](#). Electronic delivery of materials is the preferred and the safest method to send data to us.

Please do not send confidential information, such as social security numbers, date of birth, etc., via email. We strongly encourage you to use the portal method listed above to transmit private information to us. Incoming direct mail and faxes will be monitored. For faxes, please use a cover sheet and indicate the intended recipient.

New updates are happening at a rapid-fire pace these days. As tax updates become available, we will keep you updated.

Please contact us if you have any questions.

The Team at Hunter, Hunter & Hunt

Additional Resources:

[IRS Corona Virus Tax Relief](#)

[IRS Guidance on Extensions](#)

[AICPA State Tax Filing Guidance for Coronavirus Pandemic](#)

[EDD Corona Virus Information](#)

[North Coast SBDC COVID-19 and SBA Disaster Loan Information](#)