

# PPP Loan Forgiveness PPP Flexibility Act

August 2020

Presented By: Lou Young

**withum**<sup>+</sup>  
ADVISORY TAX AUDIT

 WE ARE AN INDEPENDENT MEMBER OF  
THE GLOBAL ADVISORY AND ACCOUNTING NETWORK

# The PPP Forgiveness

- We expect:
  - Further guidance from the banks
  - Additional guidance is likely forthcoming from the SBA
  - That these SBA regulations and FAQs will continue to influence their forgiveness calculations
  - Possible legislation to amend current program

# EZ Loan Application

## Payroll and Nonpayroll Costs

Line 1. Payroll Costs:

Line 2. Business Mortgage Interest Payments:

Line 3. Business Rent or Lease Payments:

Line 4. Business Utility Payments:

## Potential Forgiveness Amounts

Line 5. Add the amounts on lines 1, 2, 3, and 4:

Line 6. PPP Loan Amount:

Line 7. Payroll Cost 60% Requirement (divide Line 1 by 0.60):

## Forgiveness Amount

Line 8. Forgiveness Amount (enter the smallest of Lines 5, 6, and 7):

# Required Certification for EZ Form

- The Borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent during the Covered Period compared to the period between January 1, 2020 and March 31, 2020
- For purposes of this statement, “employees” means only those employees that did not receive, during any single period during 2019, wages or salary at an annualized rate of pay in an amount more than \$100,000

# Required Certification for EZ Form

- The Borrower was unable to operate during the Covered Period at the same level of business activity as before February 15, 2020, due to compliance with requirements established or guidance issued between March 1, 2020 and December 31, 2020 by the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration
- As related to the maintenance of standards of sanitation, social distancing, or any other work or customer safety requirement related to COVID-19.

# The PPP Forgiveness Application

- Again:
  - We expect Bank Portals to up soon
  - Discussion with payroll provider is key
  - Additional guidance is likely forthcoming from the SBA
  - Possible legislation to amend current program

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# Thank You For Your Time!



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# New Jersey Unclaimed Property Laws

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Presented By: John Noonan, CPA





# Background

- In the past few years, several dealerships have been subjected to unclaimed property audits by the New Jersey Department of Treasury.
- Despite attempts by the State to enforce dealers' compliance with the Uniform Unclaimed Property Act over the past 10 years, it appears that many dealers remain unaware of its requirements.

# Background

- The Unclaimed Property Act generally requires that businesses in possession of property that belongs to someone else must turn that property over to the State after a certain amount of time expires.
- The obvious examples of unclaimed property are un-cashed checks.
- Indeed, the most common occurrence of unclaimed property in automotive retailing is when customers fail to cash refund checks for overpaid motor vehicle fees.

# Background

- In 2011, the State began focusing on dealers' compliance with the Act and commenced several audits of dealerships at that time.
- In 2014, the Treasury reached out to all New Jersey dealers and proposed a "self-audit" program to ensure their compliance with the Act. It is our understanding that the State has received little or none of the required annual reports from dealers listing unclaimed property.
- Dealers should consider immediate compliance with the Act to avoid penalties and interest in the event a violation is uncovered by the State through an audit.

# Who is responsible for compliance?

- New Jersey businesses and other “holders” are subject to laws requiring them to report and remit unclaimed property to the State Treasurer.
- Out-of-state businesses may also be subject to NJ rules if the apparent owner of unclaimed property has a last known address in the State of New Jersey.

# What actions are required by a “holder” of abandoned property?

1. Notification to apparent owner of abandoned property. Property is treated as abandoned if it has remained unclaimed for a certain period of time that is statutorily defined by property type. (generally three years for uncashed vendor checks and one year for uncashed payroll checks).

The holder of abandoned property with a value of \$50 or more should send a certified letter with return receipt requested to the apparent owner at the last known address. The letter should inform the owner that the holder is in possession of unclaimed property that will be turned over to the State Treasurer unless the owner claims it from the holder before a report is filed with the State.

This notification to apparent owners should be mailed out not more than 120 days nor less than 60 days before filing the unclaimed property report.

2. File annual unclaimed property reports and remit property to the State Treasurer.
3. Maintain records of unclaimed property

# What kinds of property are considered “unclaimed property?”

- Common examples are uncashed checks, including paychecks customer credit balances, unclaimed refunds, and unclaimed “we owes.”
- The statutes contain a comprehensive listing.

# What are filing and remittance requirements?

1. File the annual unclaimed property report and remit unclaimed property to the State Treasurer if the apparent owner has a last known address in the State of New Jersey.
2. Unclaimed property report covers the 12 months ending on June 30<sup>th</sup> of each year. The due date is November 1.

# What are the penalties for noncompliance?

1. Penalty for failure to render a report or perform other duties is imposed at the rate of \$200/day up to a maximum of \$100,000
2. Interest on failure to remit or deliver property on time is imposed at a rate of 10% above the 52-week T-Bill rate computed from the date property should have been paid or delivered
3. Penalty for willful failure to report or deliver property on time is imposed at the rate of \$1,000/day up to a maximum of \$250,000 plus 25% of the value of any property that should have been paid or delivered.



## Does New Jersey have a Voluntary Compliance Program (VCP)?

- Businesses that are noncompliant have the option to participate in VCP as an alternative to full compliance audit. Benefits of the VCP include removal of late penalties, although interest charges still apply.
- The reach-back period of the VCP is 10 years from the property type's statutory abandonment period. The business participating in the VCP must agree to report and remit unclaimed property for the reach-back period and comply with unclaimed property filings for future years.

Thank You For Your Time!



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