



October 2, 2020

DEALERSHIP INFORMATIONAL ADVISORY
COVID-19 Updates #37



FAQ'S FROM DF&A REGARDING THE IMPACT OF COVID-19

The Arkansas Department of Finance and Administration recently released a number Frequently Asked Questions (FAQ's) related to all things COVID-19.

Of particular interest for dealers that received Ready for Business Grants, these FAQ's clarify the grants are subject to Arkansas individual or corporate income tax because the grant constitutes net income of the individual or business. However, a taxpayer may deduct the cost of an eligible expenditure under the grant program if the expenditure otherwise qualifies as an ordinary and necessary business expense under Arkansas state income tax law. See Ark. Code Ann. § 26-51-423(a)(1).

For a complete review of these FAQ's, [CLICK HERE](#).



US TREASURY ISSUES REGULATIONS ON FLOOR PLAN FINANCING AND BONUS DEPRECIATION

Last week, the U.S. Treasury issued a second set of regulations that clarify a couple of write-off provisions that were enacted under the Tax Cuts and Jobs Act of 2017, and are of interest to dealers.

According to NADA, the latest set of guidance clarifies that dealers whose total business interest, including floor plan financing interest, is below the statutory cap on interest are eligible for bonus depreciation. The cap on interest deductibility was 30% of a dealer's

adjusted taxable income through 2019, but was raised to 50% for 2020 under the CARES Act. The adjusted taxable income cap for interest deductibility was also retroactively raised to 50% for corporations in the 2019 filing year under the CARES Act. The Treasury Department has clarified that the determination of a dealer's eligibility for bonus depreciation is made on an annual basis (meaning ineligibility one year does not necessarily preclude eligibility the next year). In addition, the IRS will promulgate transition rules for dealers who elected out of bonus depreciation or who reduced their floor plan financing in 2018.

NADA will soon release additional information on the final regulations, and advises that dealers should consult their tax advisor concerning the application of these rules to their individual circumstances. For more information on the final bonus depreciation regulations [CLICK HERE](#).



FEDERAL COVID RELATED UPDATES

Paycheck Protection Program (PPP) Policy Guidance

The Small Business Administration released additional PPP guidance today, October 2, 2020, related to PPP loans and changes in ownership. The purpose of this Notice is to provide information concerning the required procedures for changes of ownership of an entity that has received PPP funds. [SBA Procedural Notice - PPP Loans & Changes of Ownership](#)

The IRS also provided additional PPP guidance recently on reporting requirements for PPP loans forgiven under the CARES Act. [IRS Announcement](#) 2020-12 states that when all or a portion of the stated principal amount of a covered loan is forgiven because the eligible recipient satisfies the forgiveness requirements under section 1106 of the CARES Act, an applicable entity is not required to, for federal income tax purposes only, and should not, file a Form 1099-C information return with the IRS or provide a payee statement to the eligible recipient under section 6050P of the Code as a result of the qualifying forgiveness. The filing of such information returns with the IRS could result in the issuance of underreporter notices (IRS Letter CP2000) to eligible recipients, and the furnishing of such payee statements to eligible recipients could cause confusion. This announcement is intended to prevent any such confusion.

For more information and updates, visit [SBA.gov/PaycheckProtection](https://www.sba.gov/PaycheckProtection) or [Treasury.gov/CARES](https://www.treasury.gov/CARES)

Families First Coronavirus Response Act (FFCRA) Policy Guidance

The U.S. Department of Labor (DOL) has [revised its rules](#) on the emergency paid sick leave and expanded family and medical leave provisions of the Families First Coronavirus

Response Act (FFCRA). DOL's revisions, which take effect immediately include the following provisions:

1. clarify that employees must provide employers with required documentation supporting the need for FFCRA leave as soon as practicable; and
2. correct an inconsistency as to when employees may be required to provide notice to their employers of a need to take expanded family and medical leave.

For more information on the FFCRA and how the emergency leave provisions impact dealers, please see [NADA's FFCRA FAQs](#).

Furthermore, the Equal Employment Opportunity Commission (EEOC) has updated its technical assistance document, "[What You Should Know About COVID-19 and the ADA, Rehabilitation Act, and Other EEO Laws](#)" to:

1. incorporate 18 questions and answers from its "[Pandemic Preparedness in the Workplace and the Americans with Disabilities Act](#)" and a March [webinar](#); and
2. modify two existing Q&As to provide clarifications that reinforce prior EEOC statements about COVID-19 and the EEO laws.

REMINDER

DEALERS SHOULD UTILIZE THE NADA CORONAVIRUS HUB

As a reminder, NADA has produced a tremendous amount of resources to help dealers and their operations during the coronavirus pandemic.

The site and the links will be updated continuously; bookmark the address, and click on the links as you need them for the latest versions of everything CARES Act, SBA, PPP, Tax Relief and more. Please check it out here: <https://www.nada.org/coronavirus/regulatory/>.

ADDITIONAL AND HELPFUL LINKS

For additional information related to maintaining your dealership as safe, we would recommend monitoring updates from the [CDC](#), [OSHA](#), and the [Arkansas Department of Health](#).

Please go to our website for links to information your dealership needs at [AADA coronavirus update](#).

AADA will work to keep you updated on this situation, but a firm commitment to maintaining a safe and clean work environment for your employees and customers will help you navigate this health crisis.

If you have any questions about this bulletin please don't hesitate to call, 501-372-2596, or email Greg Kirkpatrick greg@arkautodealers.com.