

# The Norton Tax Bulletin

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*New Scam; Economic  
Impact Payments; IRS  
Extends More Deadlines;  
SBA Notice; Payroll  
Protection Loans*

Dear Clients, family and friends,

As if we do not have enough to be concerned about with this virus, fraudsters are busy trying to separate people from their identity and money. A client of mine just received the letter below and contacted me to see if it was real. Of course, it was a scam – and unfortunately, I fear many taxpayers will fall victim to this person or group.

Tax Processing Unit  
Los Angeles County Public  
Judgment Records  
TOLL FREE: 1(800)285-2107


Sa [REDACTED] Date: April 6 2020  
19 [REDACTED] Letter ID: L-0054-4647TN  
L [REDACTED]

**Distraint Warrant**

This warrant has been issued against the above-named debtor(s) because of the tax debt that has not been paid in full. This isn't an arrest warrant. This warrant serves the same function as a court judgment. The Federal Tax Authorities uses the warrant in collection action, such as garnishment of wages and bank accounts, property seizures, federal tax refund offset, and creation of a property lien. To avoid enforcement, call 1(800)285-2107 by 04/16/2020.

**NOTE:** Interest will continue to accrue until the \$69,748 balance is paid in full.

This warrant acts as a judgment against the debtor(s) and is a lien on any property now owned or acquired in the future until the debt is paid in full. This letter has been sent to [REDACTED] due to the unpaid taxes to Federal Tax Authorities. Levying procedures will begin within 15 days of it's receipt. You must respond by the due date and pay in full, or call 1(800)285-2107 to avoid action.

  
ASSIGNED RESOLUTION AGENT SIGNATURE

If my client had opted to call the number fearing for the worst if he ignored it, I expect the scam artist would have demanded some payment. Had he provided credit/debit card information, or

bank account information for an ACH debit, the money would have been taken and never applied to any legitimate debt. Unfortunately, some unsuspecting individuals might even provide their social security number, date of birth, mother's maiden name and other critical information that would have led to the scammer committing identity theft. Folks – this is really scary stuff.

The IRS continues to provide warnings and advice to taxpayers concerning scammers. This is from a recent notice they sent out:

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The IRS reminds taxpayers that scammers may:

- (a) Emphasize the words "Stimulus Check" or "Stimulus Payment." The official term is economic impact payment.
- (b) Ask the taxpayer to sign over their economic impact payment check to them.
- (c) Ask by phone, email, text or social media for verification of personal and/or banking information saying that the information is needed to receive or speed up their economic impact payment.
- (d) Suggest that they can get a tax refund or economic impact payment faster by working on the taxpayer's behalf. This scam could be conducted by social media or even in person.
- (e) Mail the taxpayer a bogus check, perhaps in an odd amount, then tell the taxpayer to call a number or verify information online in order to cash it.

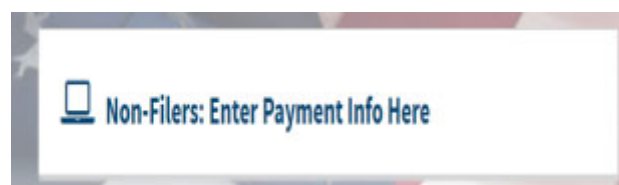
Those who receive unsolicited emails, text messages or social media attempts to gather information that appear to be from either the IRS or an organization closely linked to the IRS, such as the Electronic Federal Tax Payment System (EFTPS), should forward it to [phishing@irs.gov](mailto:phishing@irs.gov).

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I do my best to alert my family, friends and clients to be very careful when receiving unsolicited or unusual phone calls, e-mails or letters alleging to be official. I will always make myself available for any of you or your friends and family to check out such a communication to see if it is truthful. I forward such fraudulent matters to the authorities so that they can get involved in chasing down the source. Please – be careful.

## Economic Impact Payments

On the IRS website is new online feature to assist taxpayers who typically do not file tax returns because of too little income or no taxable income. This will enable them to register for the **Economic Impact Payments** (*referred to as EIP*) to get them more quickly. This tool is in the form of a hyperlink labeled **"Non-Filers; Enter Payment Info Here."**



This new feature should be used only by the following:

- (a) Taxpayers who did not file a tax return in 2018 or 2019 AND did not receive Social Security retirement or disability payments or the Railroad Retirement Benefits.
- (b) Taxpayers with low income below the \$12,200 (single) or \$24,400 (married filing jointly) limits who did not file a return for either 2018 or 2019.
- (c) Veterans receiving a pension either non-taxable or below the filing threshold
- (d) Taxpayers in category (a) above, but have a qualifying dependent under 17 years old.
- (e) Students who are not claimed on their parents' tax return as a dependent

The actual process is straight forward. You will need your Social Security Number as well as the SSN for your spouse (*if married*) and any qualified dependents. You should also have your bank information (*name of bank, type of account [checking or savings], 9-digit routing number and your account number*). Some banks (*like B of A*) have different routing numbers for electronic deposits and electronic debits. Do a Google research to ensure you enter the right routing number for an electronic deposit. *If you do not provide banking information, you will get your payment by check and that will take longer to receive. You will also be asked for information to further identify who you are (such as a driver's license number).*

After you have registered on the IRS website, expect to receive an email from Customer Service at Free File Fillable Forms that acknowledges you have successfully submitted your information.

## **IRS Extends More Due Dates**

The IRS just released Notice 2020-23 that has in effect further expanded the list of tax returns that have been extended to July 15<sup>th</sup>. Included now are gift tax returns, estate tax returns, most business return filing (*excluding employment taxes*), and *of widespread application* – the 2<sup>nd</sup> quarter estimated tax payment (*normally due June 15<sup>th</sup>, now extended along with the 1<sup>st</sup> quarter to July 15<sup>th</sup>*).

Basically, the rules extending due dates generally now apply to all taxpayers that have a filing or payment deadline falling on or after April 1, 2020 and before July 15, 2020. This includes individuals, corporations, trusts, estates, and other non-corporate taxpayers.

## **SBA Notice**

The SBA put out the following notice to (*hopefully*) clarify information of help available through the CARES Act. I am reprinting it here in case it applies to you or someone you know.

Dear Applicant,

On March 29, 2020, following the passage of the CARES Act, the SBA provided small business owners and non-profits impacted by COVID-19 with the opportunity to obtain up to a \$10,000 Advance on their Economic Injury Disaster Loan (EIDL). The Advance is available as part of the full EIDL application and will be transferred into the account you provide shortly after your application is submitted. **To ensure that the greatest number of applicants can receive assistance during this challenging time, the amount of your Advance will be determined by the number of your pre-disaster (ie., as of January 31, 2020) employees. The Advance will provide \$1,000**

**per employee up to a maximum of \$10,000.**

You may be eligible for another loan program, the **Paycheck Protection Program**, which is available through participating lenders. Below is a comparison of the two loan programs. I will provide more information on the Paycheck Protection Program later in this newsletter.

**Paycheck Protection Program**

**Full EIDL Loan**

	<b>Paycheck Protection Program</b>	<b>Full EIDL Loan</b>
<b>PURPOSE</b>	Forgivable if used for payroll (minimum of 75% of the funds received) and the remaining for certain operating expenses (amount of any EIDL advance is not forgivable)	To meet financial obligations and operating expenses that could have been met had the disaster not occurred ( <i>amount of any EIDL advance is forgiven</i> )
<b>TERMS</b>	Up to \$10 million 1% interest rate	Up to \$2 million 3.75% for businesses 2.75% for non-profits
<b>FORGIVABLE</b>	YES	NO – EIDL Loan YES – EIDL Advance
<b>MATURITY</b>	2 years	30 years
<b>FIRST PAYMENT DUE</b>	Deferred 6 months	Deferred 1 year

To locate a Paycheck Protection Program Lender, please visit:

[www.SBA.gov/PaycheckProtection](http://www.SBA.gov/PaycheckProtection).

Information on available resources may be found at [www.sba.gov/coronavirus](http://www.sba.gov/coronavirus). For more information on these services, please go to [www.sba.gov/local-assistance](http://www.sba.gov/local-assistance) to locate the email address and phone number for the nearest SBA district office and/or SBA's resource partners.

Here is more information on the Payroll Protection Program:

## Paycheck Protection Program Loans

Paycheck Protection Program (PPP) loans are potentially forgivable loans to pay your employees during the COVID-19 crisis. Payments are deferred for six months, the interest rate is 1.0%, and the loan is due in two years.

The maximum loan amount is 2.5 times your average monthly payroll costs in 2019 for your W-2 employees. (*Payroll per employee is a maximum of \$100,000.*) For self-employed individuals the maximum loan amount is 2.5 times 1/12th of your 2019 Schedule C net profit (*using a maximum net profit of \$100,000*).

The PPP program opened up Apr. 10th for self-employed businesses *without W-2 employees*. I have linked a [loan application](#) for your convenience and information. You need to contact your commercial loan officer, as that is who you submit this loan request to. If you do not have a commercial loan officer, you need to contact the bank where you have your business account and tell them you are interested in the PPP loan and to whom do you submit your application.

The application form is relatively easy, assembling the required documentation takes some time. The banks would prefer that all the documentation be submitted at one time *and electronically* if possible.

Each bank determines what documentation they require. Here is a list of potential documentation based on my dealings with two different banks. (It does not hurt to submit extra documentation.) You may want to start gathering up this information while you are waiting for your local bank to tell you where to submit your application and documentation.

- Completed signed application ([SBA Form 2483](#))
- Articles of Incorporation/Organization of the business (if applicable)
- Bylaws/Operating Agreement of the business (if applicable)
- Owner's driver's license
- W-9 Forms for business and owner
- Most recent Mortgage Statement or Rent Statement
- Most recent utility bills (*Electricity, Gas, Telephone, Internet, Water*)
- Copy of most recent income tax return
- 2019 Income Statement (if 2019 is not your most recent tax return)
- 2020 Income Statement - year to date
- [NAICS Code](#)—this code number is on your tax return (*Schedule C on Line B, Form 1065 on Line C, and Form 1120S on Line B*)
- Date of business formation

If you have W-2 employees, you may also need copies of all payroll returns filed for 2019 and 2020.

I wish all of you the very best and I hope that you find the information in this newsletter of value to you. Stay safe and well.

Very truly yours,

*Dick Norton*

*This newsletter is not intended or written by me to constitute written advice that you may rely upon to avoid penalties that may be imposed by any taxing authority. An attorney should always be consulted in matters involving legal issues such as those inherent in estate planning or other matters where an attorney is best qualified and authorized to provide such guidance.*