



**VIA MAIL AND EMAIL**

March 30, 2020

Re: CARES Act and KSGA for the Next Two Months

Dear Client:

The CARES Act was signed into law on Friday, March 27, 2020, providing \$2.2 trillion dollars rescue package to US economy, representing 9% of US GDP.

The most important provisions of CARES Act are as follow:

1. Paycheck Protection Program, a forgivable loan up to \$10,000,000 or 2.5 times your average monthly payroll cost, whichever is less. The loan would be forgiven if you maintain 75% of labor until the certification, requesting forgiveness of the loan, is made or by 12/31/2020, whichever comes first. See [[COVID-19 CARES Act-Paycheck Protection Program](#)]
2. 2020 Recovery Rebates for individuals, there is nothing that you need to do. A check will be sent to you or direct deposited to your bank account, if you qualify based on 2018 or 2019 tax returns,
3. Special Rules for Use of Retirement Funds, [*additional information to be provided on our website, [www.ksgallp.com](http://www.ksgallp.com)*]
4. Temporary Waiver of Required Minimum Distribution Rules, [*additional information to be provided on our website, [www.ksgallp.com](http://www.ksgallp.com)*]
5. Employee Retention Credit for Employers Subject to Closure Due to COVID-19, [*additional information to be provided on our website, [www.ksgallp.com](http://www.ksgallp.com)*]
6. Delay of Payment of Employer Payroll Taxes [*additional information to be provided on our website, [www.ksgallp.com](http://www.ksgallp.com)*], and
7. Modifications for Net Operating Losses [*additional information to be provided on our website, [www.ksgallp.com](http://www.ksgallp.com)*].

With these provisions, the federal government is:

1. returning the taxes that you have paid in the past or
2. lowering your current year taxes, and/or
3. reimbursing you up to two weeks of payroll cost through your payroll tax returns, and/or

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17918 Pioneer Blvd., Suite 200, Artesia, CA 90701 Tel: 562-865-2727 Fax: 562-865-2760 [www.ksgallp.com](http://www.ksgallp.com)

4. lending you a forgivable loan, up to 2.5 times average monthly payroll cost, which could be used to pay:
  - a. Payroll costs;
  - b. Costs related to the continuation of group health care benefits during the periods of sick, medical, or family leave, and insurance premiums;
  - c. Employee salaries, commissions, or similar compensations;
  - d. Payments of interest on any mortgage obligation (which shall not include any prepayment of or payment of principal on a mortgage obligation);
  - e. Rent (including rent under a lease agreement);
  - f. Utilities; and
  - g. Interest on any other debt obligations that were incurred before the start of covered period which is February 15, 2020,if you retain your employees, and
5. providing disaster assistance through regular Small Business Administration (“SBA”) Disaster Loan program, which is **not** a forgivable loan, requiring you to pay back. In this case, the SBA expects you to exhaust all other means and come to them as the lender of last resort.

Many of you will be making the difficult decision on whether to keep your employees or to trim your expenses, including payroll cost, to weather the storm.

Although more guidance will come from various agencies in the coming weeks, this is the big picture and the choices that you need to make. One thing to keep in mind is that U.S. government thinks that COVID-19 crisis is a temporary event (evident by the limit on loan amount to two and half times payroll cost).

We are available to discuss your options, providing you with an analysis so that you could make an informed decision.

We will be having a Zoom Meeting (without video, only sharing my computer screen) for our clients, who want to learn more about CARES Act, on Friday, April 3<sup>rd</sup>, 4PM to 5PM. You may also just dial in and listen to the call. Please email to [valeman@ksgallp.com](mailto:valeman@ksgallp.com) for login or call in information. This meeting will be recorded and will be available on our website for those who cannot join us at that time.

All of our staff are back to work, working 8:30AM to 5PM (closed for the weekends), under the following conditions, until further notice:

1. We will **not** have in person meetings with our clients,
2. For the clients who will be dropping off documents at our office, we have a box for you to drop off your documents, by our front entrance doors,



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3. On the documents that you will be dropping off, we will start on your work two days after we receive your documents,
4. We recommend that you mail your documents to us or use ShareFile or fax to us at 562-865-2760,
5. If you need assistance with ShareFile, please contact Valerie at 562-865-2727 x10, email to [valeman@ksgallp.com](mailto:valeman@ksgallp.com) or Kayla at 562-865-2727 x41, email to [kkim@ksgallp.com](mailto:kkim@ksgallp.com),
6. To maintain contactless appointments, we will setup a time for either a phone call or a Zoom Meeting to discuss the documents that you have sent us, and
7. Our priority will be first assisting our clients, who have been adversely affected by the COVID-19 and the California Lockdown.

We appreciate your understandings and your patience during this trying time for all of us.

I want to wish you good health and peace of mind during this crisis.

Sincerely,



Steven Y.C. Kang, CPA  
Managing Partner  
KSGA, LLP

*Proverbs 15:23*



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