



TH₃RD THURSDAYS



HBK[®]

Dealership
Solutions

Rex Collins, CPA, CVA



SPECIAL EDITION

HBK Dealership Solutions Group

Third Thursday Webinar Series

The Coronavirus Crisis: Government Actions – Helps & Hinderances



317-504-7900

rcollins@hbkcpa.com



Rex is a Principal at HBK CPA's and Consultants and leads the HBK Dealership Solutions Group. He began practicing as a CPA in 1984 and has spent over 20 years focusing on serving dealers and their dealerships. Since 1987, Rex has focused his practice entirely on dealers and their dealerships. Rex's specialty areas include valuations of dealerships; merger and acquisition including negotiating financing and due diligence; litigation support services; forensic accounting; economic, operational and management consulting; estate planning; research and planning taxation; general business and financial consulting; and dealership accounting, operations and management. He gained dealer industry experience as the CFO of a multi-line dealer group for three years and later as the GM and CFO of a different dealership group. Rex graduated from the University of Indianapolis in 1984 with a Bachelor of Arts degree in accounting and business administration and an Associate of Science degree in computer technology. Over the years he has authored several publications and has spoken nationally at numerous seminars and conferences throughout the U.S. on a variety of topics relating to dealerships. Rex is a current member of the American Institute of Certified Public Accountants, Indiana CPA Society and National Association of Certified Valuation Analysts. He is past-president of the CPA Auto Dealer Consultants Association and currently leads the Dealership Industry Group of the BDO Alliance. Rex served many years as Chairman of the Board of Directors of Volunteers of America of Indiana.

724-934-5300

jbaierl@hbkcpa.com



Jordan Baierl is a Manager with the HBK Dealership Solutions group, who specializes in tax, advisory and other consulting services for dealer clients across the country. Jordan works out of the firm's Pittsburgh, PA office, but enjoys traveling to various geographical markets to serve dealers. Jordan is a graduate of Virginia Polytechnic Institute and State University (commonly known as Virginia Tech) in Blacksburg, VA, where he received both a BS and Master's in Accounting. Jordan began his career as an Audit Associate, where he assisted with the completion of financial statement audits for both privately-owned and publicly traded companies in the manufacturing and government contracting industries.

Jordan also worked as an Accounting Manager with Baierl Automotive. After Baierl Automotive sold to Lithia Motors, in addition to his other duties Jordan assisted the general manager with forecasting, benchmarking and reviewing store performance during weekly and monthly store meetings.

Jordan has worked on a wide variety of client solutions with HBK, including but not limited to tax planning and preparation, financial statement preparation and review, store performance and control reviews, expense and margin benchmarking, buy/sell support and assistance with manufacturer dealer candidate applications. Jordan is passionate about the dealership industry and loves working together with people to solve complex problems.

Jordan successfully completed the National Automobile Dealers Association (NADA) Dealer Academy Training Program, a year-long, intensive program focusing on each dealership department, as well as leadership and financial success.

THIRD THURSDAYS

with Rex Collins, CPA, CVA



Be Sure to Join Us Next Week

SPECIAL EDITION

HBK Dealership Solutions Group
Third Thursday Webinar Series

The Coronavirus Crisis

Third Thursday webinar

Thursday, April 2nd

11:00 a.m. – Noon

Link to register will be provided after this webinar.



You Have Questions?

SPECIAL EDITION

- We want to answer YOUR specific questions in live webinar next Thursday.
- Send your questions to vramun@hbkcpa.com



Steps to Take for Dealership Survival

- Assess your current financial situation.
- Prepare a cash flow budget.
- Sources of capital. (Owners, Lenders, etc.)
- Cut unnecessary spending.
- Reduce payroll...selectively.
- Can you obtain a Disaster Assistance Loan?



Steps to Take for Dealership Survival

- What if one of your employees gets Covid-19?
- Assess your talent and communicate with your employees.
- Marketing, social media, website, etc.
- Needed operational initiatives.
- Allow appropriate employees to work remotely.
- Re-assess your 2020 Strategic Plan
- Remain a good citizen



Am I an Essential Business?

	CISA	Wisconsin	California
OPE	No	No	No
Motorcycle Front End	No	Yes	No
Motorcycle Back End	No	Yes	No
New Vehicle Front End	No	Yes	No
New Vehicle Back End	Yes	Yes	Yes
Used Vehicle	No	Yes	No
Agriculture Front End	?	Yes	?
Agriculture Back End	Yes	Yes	Yes
Heavy Truck Front End	No	?	No
Heavy Truck Back End	?	?	?
Construction	No	No	No
Timber	?	?	?

* This is a rapidly changing situation. Businesses in affected states should review the order of their state.



Stimulus Package

- Senate reached agreement on record \$2 Trillion relief package on Wednesday at 1:30 AM
 - Noteworthy items include:
 - Direct payments to individuals
 - Broad Expansion of Unemployment Insurance
 - \$350 Billion in Loans to Small Businesses
 - \$500 Billion in Corporate Aid (Federal Reserve Loans/Bailouts)
 - Employee Retention Tax Credit



Filing & Payment Deadlines

- Federal Income Tax Returns with Due Date of 4/15/2020
 - Filing and payment now due on 7/15/2020
 - Includes all taxpayers
 - First quarter estimate due 7/15/2020
- Currently no extension or deferral is provided for any other type of Federal tax (estate, gift, payroll, excise, etc.)
- Most states and many localities have also extended income tax filing deadlines BUT a lot have not yet enacted legislation.
- Tax Refunds still being processed in reasonable time frames per IRS
- Second Quarter estimates still due June 15, 2020
- Deadline for contributions to IRA/HSA/MSA is now July 15, 2020 but excess contributions to workplace based-plans must be taken out by April 15, 2020

Health Savings Accounts (HSA)

- IRS Notice 2020-15
 - HSA-eligible High-Deductible Health Plans (HDHP) can pay for testing and treatment related to COVID-19 without jeopardizing their status even if deductibles have not been met
 - Employee can continue to contribution to HSA
 - Vaccination costs count as preventive care and can be paid by HDHP
- Notice applies only to HSA-eligible HDHPs. Consult with plan provider in other structures.



Families First Coronavirus Response Act

- Effective April 1 and will be available through December 31, 2020
- Introduced Two New Topics
 - Emergency Paid Sick Leave Act
 - Emergency Family and Medical Leave Expansion Act
- Act provides covered employers must provide all employees:
 - Two weeks paid sick leave
 - Additional 10 weeks of paid expanded family and medical leave



Families First Coronavirus Response Act

- Who's a covered employer?
- What are qualifying reasons for leave?
 - Subject to Federal, State or local quarantine or isolation order due to COVID-19
 - Has been advised by a health care provider to self-quarantine
 - Experiencing COVID-19 symptoms and seeking a medical diagnosis
 - Caring for an individual subject to order described in first two bullet points
 - Caring for a child whole school or place of care is closed
- Employer Notice Requirements



Families First Coronavirus Response Act

- Paid Sick Leave
 - Two weeks (up to 80 hours) for full time employees
 - Part time employees are eligible for number of hours of leave that employee works on average over two weeks
 - This is for any employee even if they were just hired today
 - No carryovers for unused time
 - How do I know how much to pay them?



Families First Coronavirus Response Act

- Extended FMLA Leave
 - Only for employees that have been employed for at least 30 days
 - 12 weeks of paid leave
 - Includes job protection
 - “Unable to work (or telework)
 - First 10 days are unpaid but employee can substitute any accrued vacation leave, personal leave, or medical or sick leave for first 10 days
 - How do I know how much to pay them?

Families First Coronavirus Response Act

– Sick Leave

Reason for Leave	Eligibility Amount (Pay)
<ul style="list-style-type: none">Employee subject to quarantine, health care recommendation or experiencing symptoms of COVID-19	<ul style="list-style-type: none">Regular rate of pay up to a maximum of \$511 per day up to a \$5,110 for the two weeks on sick leaveFully compensates any individual making roughly \$132,000 or less
<ul style="list-style-type: none">Employee caring for individual subject to self-quarantine, son or daughter under 18 if school or childcare is closed, and other similar situations	<ul style="list-style-type: none">2/3 Regular rate of pay up to a maximum of \$200 per day up to \$2,000 for the two weeks on sick leave

– Emergency FMLA

- Matches 2/3 rule for the additional 10 weeks



Families First Coronavirus Response Act

- Tax Credits (“Paid Sick Leave Credit” and “Child Care Leave Credit”)
 - Any pay under these two programs is eligible for a dollar for dollar refundable tax credit
 - Eligible employers will also receive an additional tax credit determined based on costs to maintain health insurance coverage for employees on leave
 - The credit will reduce your required deposits up front on your quarterly payroll tax returns and if it exceeds the requirement payroll tax deposit, you’ll request a refund/”accelerated payment from the IRS”

SBA Disaster Relief Loans



U.S. Small Business
Administration



The Three Step Process: **Disaster Loans**

About Disaster Loans

The U. S. Small Business Administration (SBA) provides low-interest, long-term disaster loans to businesses of all sizes, private non-profit organizations, homeowners, and renters to repair or replace uninsured/underinsured disaster damaged property. SBA disaster loans offer an affordable way for individuals and businesses to recover from declared disasters.

STEP 1:
Apply for Loan

STEP 2:
Property Verified
and
Loan Processing
Decision Made

STEP 3:
Loan Closed and
Funds Disbursed



IRS People First Initiative

- IRS relief on variety of issues ranging from easing payment guidelines to postponing compliance actions
 - Existing Installment Agreements
 - New Installment Agreements
 - Offers in Compromise
 - Non-Filers
 - Field Collection Activities and Automated Liens/Levies
 - Private Debt Collection
 - Other miscellaneous actions



Other Noteworthy Items

- Digital Dollars
- EEOC Compliance
- OSHA Compliance
- WARN Notices
- Factory Shutdowns
- Delayed Tariff Payments
- Section 139 Disaster Relief Payments
- Business Income Continuation Claims
- Stolen ID's & Fraud
- State Financial Support/Lending Programs



Be sure to join our next Third Thursday webinar

Thursday, April 16th
11:00 a.m. – Noon

What's a Dealer To Do? When Approached About Selling Your Dealership

Link to register will be provided after this webinar.

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Rex A. COLLINS, CPA, CVA
317.504.7900
rcollins@hbkcpa.com



Jordan Baierl, Manager
724.934.5300
jbaierl@hbkcpa.com

Contact the HBK Dealership
Solutions Group anytime at
317-886-1624