

## COCPA NewsQuick

July 7, 2020



News and updates for CPAs in Colorado, exclusively for COCPA members

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### PPP Application Filing Deadline Extended to August 8

[JOURNALOFACCOUNTANCY.COM](https://JOURNALOFACCOUNTANCY.COM)

On July 1, the U.S. House of Representatives joined the Senate in passing by unanimous consent a five-week extension of time to apply for the Paycheck Protection Program (PPP). President Donald Trump signed it on July 4, 2020. Read the story [HERE](#).

### AICPA Weekly PPP Town Hall This Thursday, July 9

[AICPASTORE.COM](https://AICPASTORE.COM)

The webcast is free to AICPA members (non-member fee \$39). Register [HERE](#).

### ALERT: Colorado Department of Revenue Issues CARES Act Guidance

#### [Income Tax Guidance Publications](#)

A virtual public hearing on the following emergency rules (issued, June 2, 2020, and currently in place) is scheduled for July 16, 10:00 a.m., Mountain Time. You are encouraged to participate by submitting written comments or by attending the hearing virtually. All comments are considered, and written comments are preferred when addressing a technical issue or concern with a proposed rule.

[Rule 39-22-103\(5.3\)](#). Internal Revenue Code Definition – Prospective - The purpose of the rule is to clarify that the term “internal revenue code” incorporates changes to federal statute only on a prospective basis.

[Rule 39-22-303.6–1](#). Apportionment and Allocation Definitions - The purpose of this rule is to clarify that the term “internal revenue code” incorporates changes to

federal statute only on a prospective basis.

Information on the July 16 hearing can be found [here](#). The dial-in number is (669) 900-6833. The meeting ID is 984 7638 0820.

Information on all rulemaking in process at any stage can be found on the [Colorado Department of Revenue tax rules page](#).

Written comments on any proposed rules can be submitted by email to [dor\\_taxrules@state.co.us](mailto:dor_taxrules@state.co.us) Those interested also can email the Department at that address to receive the Zoom video conference link for other scheduled hearings.

**Sign up for the Colorado Department of Revenue free email subscription service** to receive notifications when new tax information is available. Your email address will be used only to deliver the information you've requested. [Click here to sign up for Sales & Use Tax Email Alerts](#).

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## PPP Recipients Can Apply for Early Loan Forgiveness:

PPP guidance released, June 22, declares that PPP recipients can apply for loan forgiveness early but that doing so could cost them money.

Many small businesses have inquired about whether they can apply for PPP loan forgiveness before their covered period expires. The new interim final rule (IFR) says that if a borrower applies for loan forgiveness before the end of the covered period and has reduced any employees' salaries or wages by more than the 25% allowed for full forgiveness, the borrower must account for the excess salary reduction for the full eight-week or 24-week covered period, whichever one applies to its loan.

Under that guidance, PPP borrowers that apply early for loan forgiveness forfeit a safe-harbor provision allowing them to restore salaries or wages by Dec. 31 and avoid reductions in the loan forgiveness they receive. For example, if a borrower has a 24-week period that ends in November but wants to apply in September, any wage reduction in excess of 25% as of September would be calculated for the entire 24-week period even if the borrower restores salaries by Dec. 31.

[Read the new IFR \(interim final rule\)](#).

[Read the Journal of Accountancy article, published, June 23.](#)

On June 17, the U.S. Small Business Administration (SBA), in consultation with the Treasury, released a **revised loan forgiveness application for the Paycheck Protection Program** (PPP) and unveiled a new EZ application for forgiveness of PPP loans. The applications reflect changes to the PPP made by the Paycheck Protection Flexibility Act of 2020, P.L. 116-142, which [became law June 5](#). The applications and instructions are available at:

- [Revised PPP Loan Forgiveness Application and instructions](#)
- [EZ PPP Loan Forgiveness Application and instructions](#)

The AICPA has published a summary of the Paycheck Protection Program Flexibility Act of 2020. [Read here »](#)

AICPA PPP Loan Forgiveness Calculator Available

Access the calculator [here](#). Scroll down to "Calculators" and select the [link](#).

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## Colorado Legislature Passes Tax Fairness Act

On June 15, the Colorado General Assembly passed, via House Bill 20-1420, the following temporary tax law changes to generate additional revenue for the state's Education Fund. As a result of the tax changes, \$113M will be added to the Education Fund in 2021, with an additional \$23M added to the Education Fund in 2022. Governor Jared Polis is expected to sign the bill. For tax years ending after March 27, 2020, and before January 1, 2021, there will be an addition to federal taxable income of individuals, estates, and trusts for:

1. An amount equal to the difference between the taxpayer's net operating loss ("NOL") deduction before the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") and the taxpayer's NOL deduction after applying Section 2303 of the CARES Act. **Note: Prior to enactment of the CARES Act, I.R.C. Section 172(a) limited the use of NOL's to 80% of the taxpayer's current taxable income, and Section 2303 of the CARES Act removed this limitation. As such, for purposes of Colorado NOL's, the 80% limitation continues to apply.**
2. An amount equal to the taxpayer's excess business loss deduction under I.R.C. Section 461(l) without regard to Section 2304 of the CARES Act.
3. An amount equal to the taxpayer's interest expense deduction under I.R.C. Section 163(j) without regard to Section 2306 of the CARES Act.

For tax years beginning after January 1, 2021 and before January 1, 2023, there will be an addition to federal taxable income of individuals, estates, and trusts of the qualified business income deduction under I.R.C. Section 199A if federal adjusted gross income exceeds \$1,000,000 for joint filers, or \$500,000 for single filers. Farmers and ranchers are exempted from this addition to federal taxable income.

For tax years beginning after December 31, 2017, the NOL deductions of C corporations will continue to be subject to the 80% limitation contained in I.R.C. Section 172(a) regardless of Section 2303 of the CARES Act.

For tax years beginning on or after January 1, 2021 and before January 1, 2022, a Colorado resident who claims a federal earned income credit ("EIC") will be allowed a Colorado EIC equal to 10% of the federal EIC. For years beginning January 1, 2022, a Colorado EIC equal to 15% of the federal EIC is allowable. If a federal EIC is not allowable because a spouse or dependent does not have a social security number, a Colorado EIC is nonetheless allowable based on the federal EIC that would have been allowable if the spouse or dependent has a social security number.

[Read the bill »](#)

In addition, the Colorado General Assembly passed **House Bill 20-1024** concerning modification to the state's net operating loss deduction. [Read the bill »](#)

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## From the IRS

### CAF Operations Update

The IRS is working diligently to return to normal CAF (Centralized Authorization File) processing operations, reduce the backlog, and quickly process authorization requests. While the Service continues to operate with limited staffing to protect employees, CAF units at Memphis and Ogden are operational. The IRS asks that you:

- **Fax a request only once.** Faxing multiple forms to the same or multiple IRS numbers delays processing as all requests must be researched and reviewed.
  - **Double check forms for accuracy.** Missing information delays requests.
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## Balance Due Notice Mailings

Due to the COVID-19 pandemic, the IRS was unable to mail some previously printed balance due notices as a result of office closures. As IRS operations continue to reopen, these notices will be delivered to taxpayers in the next few weeks. Given the time it would take to reprogram IRS systems, and generate updated notices, some of the notices taxpayers will receive have due dates that have already passed. However, each notice will include an insert confirming that the due dates printed on the notices have been extended.

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### Extended Payment Due Dates:

The payment due dates printed on the notices have been extended, as described in the insert. The new payment due date will be either July 10, 2020, or July 15, 2020, depending on the type of tax return and original due date. Taxpayers should be sure to read the insert included with the notice that explains the delay and provides the correct payment due dates.

Taxpayers who have questions about their balance due should visit the website listed or call the number provided on the notice. Keep in mind that phone lines remain extremely busy as the IRS resumes operations.

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## Weekly News and Updates

### FEEDBACK REQUEST: State Auditor Seeks Volunteers for Review Initiative

The Colorado State Auditor's staff is continuing to perform the review process on existing tax credits and exemptions provided in current Colorado statutes. They are **seeking CPAs who are familiar with the New & Old investment tax credits** contained in sections 39-22-507.5 & 507.6 C.R.S. If you are willing to provide feedback, please contact Russell Leonard, Tax Policy Analyst, Colorado Office of the State Auditor, [russell.leonard@state.co.us](mailto:russell.leonard@state.co.us).

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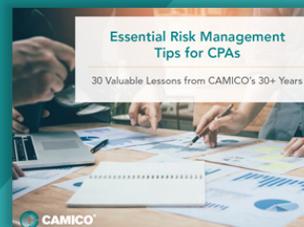
### DORA Protocol for Colorado State Board of Accountancy Meeting Agendas

The Colorado Department of Regulatory Agencies has adopted new requirements to protect confidential information of applicants and licensees for all the boards and commissions under its umbrella, including the Colorado State Board of Accountancy. Therefore, meeting agendas no longer list the names of CPA candidates, individuals, or firms which are up for consideration. To determine if you are on a particular agenda, you may email [dora\\_accountancyboard@state.co.us](mailto:dora_accountancyboard@state.co.us). The agenda is posted two weeks before scheduled meetings. Future 2020 meeting dates are: August 5, September 23, November 4, and December 16.



### E-Book: 30 Essential Risk Management Tips for CPAs

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# Opportunities & Resources

## Your COCPA is Here for You Remotely

COCPA.ORG

Contact your COCPA member service colleagues via online chat at [cocpa.org](https://cocpa.org), 303-773-2877, or 800-523-9082. Go to [cocpa.org/COVID-19](https://cocpa.org/COVID-19) for the extensive list of resources. Check out the AICPA resources page, as well, at [aicpa.org](https://aicpa.org). Ask questions, find answers, and share knowledge with your colleagues at [COCPA CONNECT](#), your COCPA members-only, online community.

**DENVER BUSINESS JOURNAL**

# 2020 C-Suite Awards



**September 10, 2020**  
Hyatt Regency Denver  
Convention Center

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