



# THE WANADA BULLETIN

NEWS AND INFORMATION FOR AND ABOUT FRANCHISED NEW CAR DEALERS IN THE WASHINGTON AREA

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**Feds Issue More Guidance as SBA Funds Run Low Once Again**  
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## Feds Issue More Guidance as SBA Funds Run Low Once Again

In just the first week after the Paycheck Protection Program was replenished, the Small Business Administration reported that [more than half of the newly-allocated funds](#) had already been claimed, with an average loan amount of roughly \$79,000. Through May 1, nearly 3.9 million qualifying businesses had claimed more than \$500 billion in forgivable loans.

Late last week, the Treasury Department updated their [FAQ page](#) regarding the [Paycheck Protection Program](#), and they have also revised their [maximum loan payout calculator](#) as well.

The [IRS issued guidance](#) making clear that companies who receive PPP loans may not "double dip" by taking a tax deduction on expenses that were paid for with forgivable loan funds. The forgiven loan funds are exempt from income taxes, which is the genesis of the double-dipping concern that the IRS has addressed in this guidance.

The SBA also [issued guidance last week](#), specifying a "single corporate group" could not receive more than \$20 million in PPP funding. According to [NADA's interpretation](#) of the rule, this decision is not retroactive, and only applies to disbursements made on April 30 or later. A "single corporate group" is defined as being "majority owned, directly or indirectly, by a common parent." Please refer to Question 27 in NADA's [CARES Act Guidance](#) for more details.

On Monday, the SBA [issued further guidance for lenders](#), making it clear that all PPP funds must be disbursed to a lender at once, within 10 days of the loan being approved. This ruling applies to all loans that were approved on April 28 or later. And U.S. Labor Secretary Eugene Scalia [told Fox News on Tuesday](#) that PPP participants should not expect any changes from the current requirements for loan forgiveness, which mandate that at least 75 percent of the funds be spent on near-term payroll expenses. Please refer to [NADA's guidance on PPP loan forgiveness](#) for more information.

For companies who have not received PPP or [Economic Injury Disaster Loan](#) advance funds, the Employee Retention Tax Credit is another available option. The IRS published an [FAQ page on the ERTC](#) yesterday; the ERTC is available to businesses who a) did not receive EIDL advance or PPP funds and b) were shuttered either partially or entirely by a government mandate before March 31 or who suffered a "significant decline" in revenues in the first quarter of 2020.

The ERTC is available to businesses of nearly any size who meet the above requirements, and serves as a refundable tax credit that covers up to 50 percent of an employee's wages, up to

\$10,000 per employee. The IRS' robust guidance on the tax credit includes details on what counts as "wages," and thus would be subject to the \$10,000 cap, [including certain "qualified health plan expenses."](#)

As for the EIDL advance program, those funds were processed directly by the SBA; Congress appropriated an additional \$60 billion for that program at the same time they added \$350 billion to the PPP, but that money only served to clear the backlog of applicants from the first round of funding.

You can find links to all the information contained above on the [WANADA COVID-19 Information Library](#) , and NADA has published a wealth of helpful content on their [Coronavirus Hub](#).

## Virginia Issues Timeline for Gradual Re-Opening

Earlier this week, Gov. Ralph Northam announced that Virginia may be able to move to "phase one" of the commonwealth's [Forward Virginia](#) re-opening plan as soon as next Friday. He added that the state would give at least two weeks of time to assess progress before advancing to [less restrictive phases](#).

Under [Executive Order 53](#), auto sales and repair businesses have been allowed to remain open during the COVID-19 pandemic, so long as they adhere to social distancing regulations for customers and staff, and limit patron capacity to no more than 10 people at any time.

Gov. Northam's shift to "phase one," if actually implemented next week, would likely allow other currently-shuttered businesses like hair salons, some restaurants, and certain businesses, to reopen, while continuing to encourage telework wherever possible. It will also be "recommended" that Virginians continue wearing face masks while visiting public spaces, though we currently lack details on whether there will be actual enforcement of that guidance the way there is in Maryland.

According to the governor, the restriction on gatherings of more than 10 people would continue the phase-one reopening, likely meaning that the current patron restrictions will be extended as well. Maryland and D.C., which have been working with Virginia and North Carolina on a coordinated response effort, have not issued more details on when their jurisdictions would relax some of their current restrictions.

## Reminder: Maryland Excise Tax Vendor Discount Repealed as of June 1

As of June 1, Maryland is eliminating a small excise tax vendor discount for dealers, but the adjustment only impacts cars sold on that date or later.

There had been questions about whether the elimination of \$12-per-car discount would be in place for sales that had been finalized before June 1, but where the excise tax had not yet been paid before that date. The state has provided additional guidance that the credit will only be eliminated for sales that occur on June 1 or later, irrespective of when excise taxes on earlier sales are paid.

WANADA would like to remind Maryland dealers that the state has also [raised the cap on the dealer processing charge](#) from \$300 to \$500, and that new limit can be imposed on new car sales beginning on July 1. The \$500 cap will be the maximum charge allowed by law; each dealer can make their own determination as to what amount, if any, to charge based on their own circumstances.

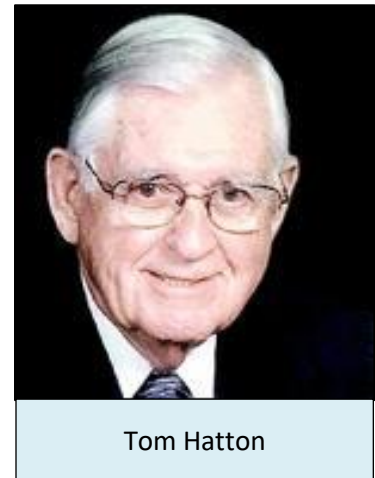
The language addressing the new excise tax provisions is located in Section 13–812 (a) of the [2020 Maryland state budget](#). The processing charge cap language is covered in Section 15–311(b)(3).

If you have any questions about these changes, please contact Joe Koch, WANADA’s Vice President of Operations, at [jk@wanada.org](mailto:jk@wanada.org).

## In Memoriam: Tom Hatton

Thomas Edward Hatton, who flew fighter jets in World War II and later went on to become one of Montgomery County’s most prominent Pontiac dealers, passed away late last month at the age of 99.

According to his obituary published in [The Washington Post](#), following his military service in North Africa and England, Hatton got a local auto dealer to take a chance and hire him as an office manager. He worked his way up, eventually becoming a sales manager at a Prince George’s County dealership owned by C.L. Fenner. Fenner moved that Plymouth dealership to Rockville in 1964, and Hatton came with him; Hatton purchased the dealership from Fenner in 1969.



From 1969 to 1995, Hatton operated Tom Hatton Pontiac on Rockville Pike, appearing as himself in several [local television advertisements](#) where we was known as “The Judge.” When Hatton bought the dealership from his longtime boss, it was located in the middle of a [then-sleepy strip](#) between White Flint and downtown Rockville. By the time he sold the land in the mid-1990s to a developer that built a Best Buy on the property, that part of Rockville Pike had grown drastically.

Tom Hatton was an avid fisherman and golfer, and he continued to play into his 90s. WANADA would like to express our condolences to his family members, including his wife Sally and his four children. According to his obituary, his family requests that donations be made in his honor to either Montgomery Hospice, or the Interfaith Chapel at Leisure World in Montgomery County. According to the obituary, a Celebration of Life will be held at a future date.

We thank Tom Hatton for his service and dedication to his country, and his decades as a leader in Maryland’s dealer community. He will be missed.