

COVID-19 RELIEF FOR EMPLOYERS

To reduce the spread rate of the COVID-19 virus, federal, state and local governments have executed restrictions to prevent large gatherings of people. These restrictions have had a significant impact on the economy and the ability of small businesses to continue to pay employees.

The purpose of this document is to provide a single compilation of all the resources we currently have for employers seeking relief. It is not intended to be a complete resource, but rather a brief synopsis of each of the current relief efforts with links to the details for each. Please keep in mind that the information contained in this document is not intended to be construed as legal advice and is for informational purposes only. Guidance and FAQs are being added regularly by the various federal departments in charge of the implementation of the two acts (FFCRA and CARES). More details regarding the government's response to COVID-19 will become available and will be published accordingly with the Department of Labor, Internal Revenue Service, Treasury and the Small Business Administration.

As of April 14, 2020, Congress has passed two acts that provide relief for employers in response to the COVID-19 pandemic. The first act passed was the Families First Coronavirus Relief Act (FFCRA) on March 18, with an effective date of April 1, 2020. This act provided Paid Sick Leave (PSL) and Extended Family Medical Leave (EFMLA) to qualified employees for employers with 500 or fewer employees. The second was the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which was signed into law on the March 27, 2020. The overall goal of these laws is to keep employees of small employers on the payroll and off unemployment and to ensure that businesses will still be operational after this event. Additionally, the Small Business Administration has provided a few other options for employers.

NOTE: A common theme in these relief opportunities is that an employer cannot claim both a tax credit and loan forgiveness, or two tax credits for the same paid wages. Simply put, "No Double-Dipping".

Paid Sick Leave and Extended Family Medical Leave Requirements under FFCRA

Employees who cannot work or telework due to specific COVID-19 reasons are eligible for up to two weeks (80 hours) of paid leave. Depending on the reason for the leave, the employer can offset the cost of an employee's paid leave up to the per day limits by taking a direct credit against its payroll tax liability. If an employee cannot continue to work or telework past the initial two weeks due to the employee having to take care of a son or daughter for which school or daycare is not available, the employee is eligible for two-thirds of their regular pay for an additional 10 weeks. The employer can take a direct credit for each employee in this limited category from its payroll tax liability not to exceed \$200 per day per employee and \$10,000 maximum. Credits can be taken for leave on or after April 1, 2020.

<https://www.dol.gov/agencies/whd/pandemic/ffcra-employee-paid-leave>

Paycheck Protection Program under the CARES Act

A loan provided through the Small Business Administration via any qualified lending institution is available to assist employers with payroll and related essential expenses. An employer wishing to apply for the loan must determine and provide documentation of the average monthly costs of payroll, taxes, benefits, and other defined expenses in the previous 12 months. The employer can borrow up to two and a half months of the average monthly expenses at 1% interest. Provided the employer uses the funds during an eight-week period prior to June 30th to pay employees, their benefits, rent, utilities and interest on mortgages, the employer can apply for the loan to be forgiven. It is important to note that at least 75% of the loan amount must be used to pay employees and their benefits in order to receive the loan forgiveness. Employers will need to pay close attention to any paid leaves under FFCRA as the employer cannot claim both the tax credit for the paid leave and the payroll loan forgiveness for the same time.

<https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>

Employee Retention Credit under the CARES Act

Employers who fully or partially suspend operations in 2020 due to orders from an appropriate governmental authority or who experience a significant decline in gross receipts and continue to pay their employees during the disruption after March 12 may be eligible for a direct tax credit of up to half of the cost of wages and benefits for each employee. The maximum amount of credit per employee for all quarters in 2020 is \$5,000. Amounts in excess of the employer's tax liability may be claimed using Form 7200, Advance Payment of Employer Credits Due to COVID-19. Employers may NOT apply for the Employee Retention Credit if the employer receives a loan under the Paycheck Protection Program.

<https://www.irs.gov/newsroom/faqs-employee-retention-credit-under-the-cares-act>

Deferral of Employer Matching Social Security Taxes under the CARES Act

Employers may defer their portion of the matching Social Security taxes for periods beginning on or after March 27, through December 31, 2020. 50% of the amount deferred in 2020 will be due no later than December 31, 2021 and the remaining 50% will be due no later than December 31, 2022. However, an employer who applies for and receives the loan forgiveness under the Paycheck Protection Program will no longer be able to defer the matching taxes once the loan forgiveness is approved.

<https://www.irs.gov/newsroom/deferral-of-employment-tax-deposits-and-payments-through-december-31-2020>

Economic Injury Disaster Loan (EIDL)

Small Business Administration

Employers with less than 500 employees and self-employed persons are eligible for an advance of up to \$10,000. At least 75% of the loan must be used to pay employees. Although an employer can receive the EIDL and the Paycheck Protection Program loan, the funds cannot be used for the same payroll to satisfy the requirements of both loans.

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/economic-injury-disaster-loan-emergency-advance>

Express Bridge Loan Pilot Program ***Small Business Administration***

Allows small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 quickly. These loans can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing and can be term loans or used to bridge the gap while applying for a direct EIDL.

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/sba-express-bridge-loans>

Small Business Administration Debt Relief

Employers who have a current 7(a), 504 microloan may have their principal, interest and fees paid by the SBA for up to six months. Existing disaster loans in a "regular servicing" status as of March 1, 2020 may have the payments deferred through December 31, 2020.

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/sba-debt-relief>



EMPLOYER SERVICES

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