COVID-19 UPDATE

COVID-19 Legislation Updates (CARES) and iSolved Features
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Your Presenters Today

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This information provided by Payroll Network is for educational purposes.

We at Payroll Network are not legal attorneys, and the information covered today should not be considered legal advice.
Webinar Tools

- Webinar will be recorded
- All Attendees will be placed on mute
- Questions may be input into the Questions Box within the GOTOWEBINAR
- Presentation available in handouts
Agenda

– COVID-19 updates
  • CARES Act
  • Review some of the CARES Act Details
– FFCRA and CARES Act Crossover
– iSolved Product Preparation
  • Webinar 4/1 10:30am–
    https://register.gotowebinar.com/register/7600596634193151757

– Resources
  • https://www.payrollnetwork.com/resources/covid19-updates/
The Coronavirus Aid, Relief, and Economic Security (CARES) Act is expected to infuse $2.2 Trillion into the U.S. economy.

There are wide-ranging impacts across:

- Unemployment Insurance
- Business Provisions
- Benefits
- Health Care
- Retirement
- Education Assistance
- And much more…
Creates new Pandemic Unemployment Assistance program to expand coverage
  • Self-employed, independent contractors, those with limited work history and those unable to work due to pandemic

Adds $600 per week through the end of July 2020 on top of what state programs pay

Adds additional 13 weeks of unemployment insurance when typical state UI runs out

Provides funding for the 1st week to states to waive traditional ‘waiting week’

* 260 billion estimated cost subject to change based on the number of people filing for unemployment
Business Provisions of CARES Act

- Paycheck Protection Program (PPP)
- Loan Forgiveness
- Small Business Association EIDL Grants
- Social Security Tax Updates
Paycheck Protection Act Forgivable Loans

Small Business Association (SBA) will administer federally funded loans that are forgivable up to 100% for:

- Principal and amount borrowed for payroll costs
- Group health insurance premiums
- Interest on mortgage
- Rent
- Certain covered utilities like electric, gas, water, transportation, telephone, and internet

Additional details coming within 15 days
Paycheck Protection Loans

- A small business with fewer than 500 employees
- A small business that otherwise meets the SBA’s size standard
- A 501(c)(3) with fewer than 500 employees
- An individual who operates as a sole proprietor
- An individual who operates as an independent contractor
- An individual who is self-employed who regularly carries on any trade or business
- A Tribal business concern that meets the SBA size standard
- A 501(c)(19) Veterans Organization that meets the SBA size standard

Also- special rules- If you are in the accommodation and food services sector (NACIS 72), the 500 ee rule is applied on a per location basis

If you are operating as a franchise or receive financial assistance from an approved SB Investment company the normal affiliation rules do not apply

Remember- Full-time, part-time, and employees employed on ‘other basis’ are included in calculation (e.g.- Independent contractors)
How is Loan Calculated?

- Capped at $10,000,000
  - Calculation is 2.5x employer’s average monthly payroll costs in the one-year period before the date of loan.
  - Payroll costs include wages, tips, PTO, severance payments, group health benefits, retirement benefits, and state or local payroll taxes.
  - For employees paid more than $100k, only the amount up to $100k is included in the loan and must be prorated.
  - If an employer already has an SBA loan obtained after 1/31/2020, this loan may be included in the loan and can be refinanced.
What is the interest rate and terms of loan?

- No personal guarantee or collateral is required
- Payment of principal, interest and fees may be deferred for 6 months up to 1 year.
- To qualify for loan, there is presumption borrower was adversely impacted by COVID-19
- There is no prepayment penalty
- For any amounts not forgiven, maximum 10-year term with 4% cap on interest rate
How does loan forgiveness work?

- Payroll costs, mortgage interest, rent, covered utilities paid during first 8 weeks of loan are forgivable
- Amounts of the loan that are forgiven are excluded from taxable income
- When applying for loan forgiveness, the amount is reduced if the employer laid off employees or reduced wages of employees between 2/15/20 and 6/30/20
- If you laid off employees during this window, then the amount forgiven is reduced by the percent decrease in the number of employees
- If your payroll expense on employees making less than $100k decreases by more than 25%, the loan forgiveness will also be reduced by this amount
- For businesses who already laid off employees, or are planning to do so or cut salaries, if changes were between 2/15/20 and 4/26/20, those reductions will not be applied if the business rehires or increases the cut salaries by 6/30/20
SBA Economic Injury Disaster Loans (EIDL)

- Low-interest, fixed rate loan to help small businesses during an emergency
- $10,000 of quick relief to cover payroll, mortgage, rent, and other specified expenses
- The CARES Act requires SBA to disburse the funds within 3 days of application
- Grant does not have to be repaid
- Business that gets an EIDL can apply for, or refinance its EIDL into, the forgivable loan product

Social Security Tax Credit for Employers

- Available for companies that were subject to full or partial suspension due to COVID-19
- Employer tax credit equal to 50% of ‘qualified wages’ paid from 3/13 to 12/31 up to $10,000 per employee
- Wages refers to W-2 wages used to determine FICA (Social Security and Medicare) taxes BUT NOT FFCRA sick leave payments or FFCRA FMLA leave payments

Delayed Payment of Employer Social Security Taxes

- All employers – regardless of impact by COVID-19 – are permitted to delay payment of 2020 Employer Social Security Taxes
- 50% deferred 2020 employer SS Tax is payable by 12/31/2021
- Remaining 50% is payable by 12/31/2022
Any Small Business Association loans through the PPP is separate and apart from the Emergency Paid Sick Leave or Expanded FMLA tax credits

➢ Meant to prevent ‘double dipping’

The FFCRA leave(s) will be reimbursed through tax credits only

The CARES Act establishes there is no penalty for failure to deposit your payroll taxes

The CARES Act provides for an immediate ‘advance’ for the tax credits

■ Intent- instead of paying treasury for payroll taxes, use that money to pay mandated sick leave

■ Required form for this ‘advance’ provided soon

You would pay your employees their normal wages/payroll through forgivable SBA loans through the CARES Act (if necessary)
CARES Act Amendments to FFCRA Leave

- Must provide expanded FMLA (if applicable) for employees laid off between 3/1 and 4/1 if you rehire them before 12/31/2020
  - Employers cannot avoid 12-week obligation for FMLA through layoff and then rehires

- Secretary of Labor can audit and investigate in the same manner as under FLSA
  - Make certain documentation is clean and well tracked in case of audits in the future
Reporting Needs

- Employee retention credit and deferral of payroll tax payment functionality are currently being reviewed and further updates will be forthcoming
- Currently evaluating the creation of a report to assist employers in compiling information needed for the Paycheck Protection Program Loan

- Employer Social Security Taxes Deferment
- Garnishments
- 401k Match
- Tax Credits
Have you?

- Published and alerted Employee via Notice?
- Confirmed if you would like Leave Earnings codes
  - COVID EFMLA
  - COVID EE Sick
  - COVID Fam Sick
- Signed up for our Leave Webinar tomorrow?
Direct Deposit vs. Live Checks
  - Including Pay Stubs (through Employee Self Service)
  - Off-site Printing
Delivery Changes
Funding Information
Fraud / Cybersecurity Protection
Additional Resources

https://www.payrollnetwork.com/resources/covid19-updates/
Stay tuned for more updates soon

Continue to visit our website for training/blog posts/webinars, etc.

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