



COVID-19 UPDATE

COVID-19 Legislation Updates (CARES) and iSolved Features

March 31st, 2020

Your Presenters Today



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Legal Disclaimer



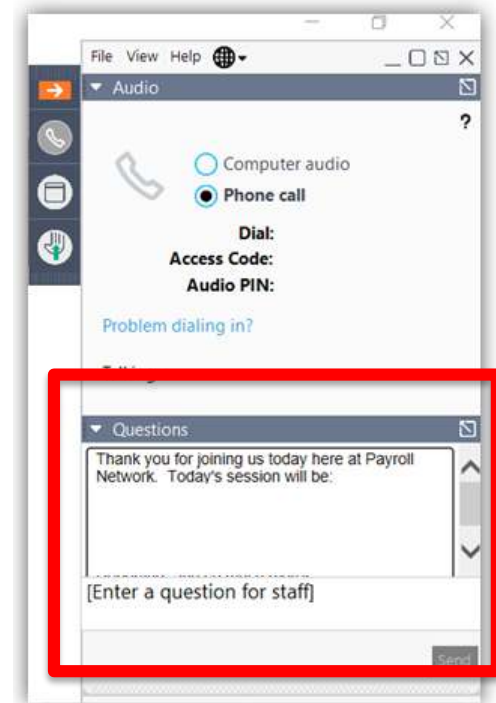
This information provided by Payroll Network is for educational purposes.

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/>



CARES ACT Overview



- 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'

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

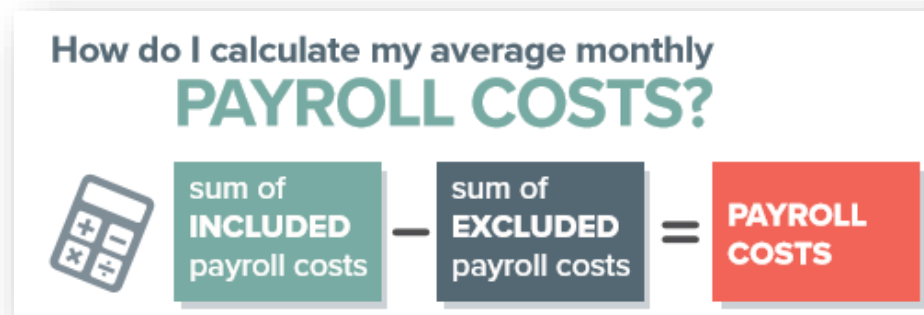
□ Paycheck Protection Loans

- 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

CARES ACT & FFCRA Crossover



- 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

Preparing iSolved



- 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

iSolved Summary of Updates



Have you?

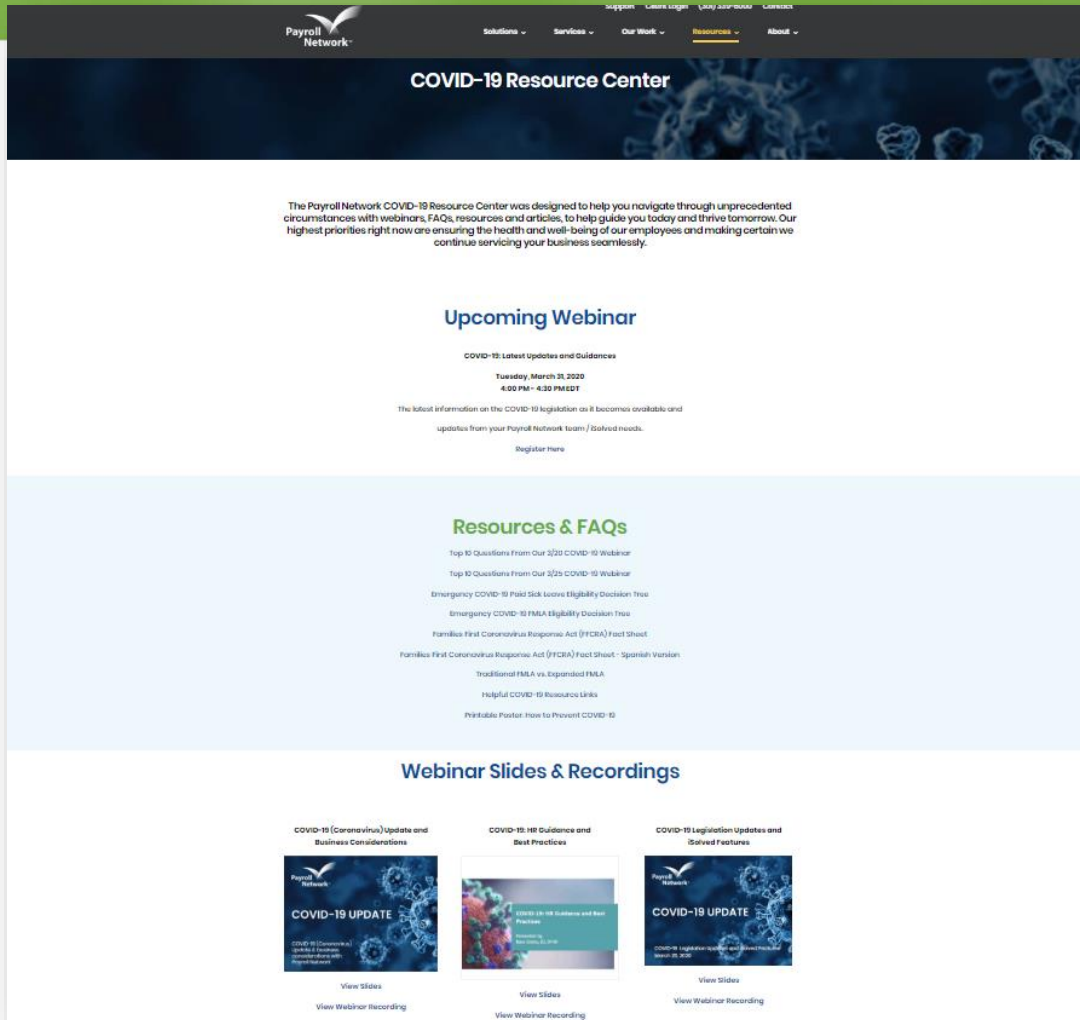
- Published and alerted Employee via Notice?
- Confirmed if you would like Leave Earnings codes
 - COVID EFMLA
 - COVID EE Sick
 - COVID Fam Sick
- Signed up for our Leave Webinar tomorrow?

Reach out to Payroll Network



- ❑ Direct Deposit vs. Live Checks
 - ❑ Including Pay Stubs (through Employee Self Service)
 - ❑ Off-site Printing
- ❑ Delivery Changes
- ❑ Funding Information
- ❑ Fraud / Cybersecurity Protection

Additional Resources



The screenshot shows the Payroll Network COVID-19 Resource Center website. The header includes the Payroll Network logo and navigation links for Solutions, Services, Our Work, Resources, and About. The main heading is "COVID-19 Resource Center". Below this, a paragraph explains the center's purpose: "The Payroll Network COVID-19 Resource Center was designed to help you navigate through unprecedented circumstances with webinars, FAQs, resources and articles, to help guide you today and thrive tomorrow. Our highest priorities right now are ensuring the health and well-being of our employees and making certain we continue servicing your business seamlessly." The "Upcoming Webinar" section is titled "COVID-19: Latest Updates and Guidances" and is scheduled for Tuesday, March 24, 2020, from 4:00 PM to 4:30 PM EDT. A link to "Register here" is provided. The "Resources & FAQs" section lists several resources: "Top 10 Questions From Our 3/20 COVID-19 Webinar", "Top 10 Questions From Our 3/25 COVID-19 Webinar", "Emergency COVID-19 Paid Sick Leave Eligibility Decision Tree", "Emergency COVID-19 FMLA Eligibility Decision Tree", "Families First Coronavirus Response Act (FFCRA) Fact Sheet", "Families First Coronavirus Response Act (FFCRA) Fact Sheet - Spanish Version", "Traditional FMLA vs. Expanded FMLA", "Helpful COVID-19 Resource Links", and "Printable Poster: How to Prevent COVID-19". The "Webinar Slides & Recordings" section features three items: "COVID-19 (Coronavirus) Update and Business Considerations", "COVID-19: HR Guidance and Best Practices", and "COVID-19 Legislation Updates and Solved Features". Each item has a thumbnail image and links to "View Slides" and "View Webinar Recording".

Payroll Network

Solutions Services Our Work Resources About

COVID-19 Resource Center

The Payroll Network COVID-19 Resource Center was designed to help you navigate through unprecedented circumstances with webinars, FAQs, resources and articles, to help guide you today and thrive tomorrow. Our highest priorities right now are ensuring the health and well-being of our employees and making certain we continue servicing your business seamlessly.

Upcoming Webinar

COVID-19: Latest Updates and Guidances

Tuesday, March 24, 2020
4:00 PM - 4:30 PM EDT

The latest information on the COVID-19 legislation as it becomes available and updates from your Payroll Network team / Solved needs.

[Register here](#)

Resources & FAQs

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<https://www.payrollnetwork.com/resources/covid19-updates/>

Thank You



□ Stay tuned for more updates soon

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