



COVID 19 Employer Options CARES and FFCRA

April 2020

Programs available

Recent legislation has made a number of programs available to employees and employers. It is important to note that employers, in most cases, can only take advantage of ONE of the programs available. We advise you to speak to your tax professional to help you decide which is the best option for your business.

FFCRA:

Sick Leave (10 Days)
Family Leave (10 Days)
FMLA (10 Weeks)
(Available to employees)

Paid Sick/Family
Leave Credit

Paycheck Protection
Program
(PPP)

Employee Retention
Credit

Deferral of Employer
Social Security Taxes

FFCRA:
Sick Leave (10 Days)
Family Leave (10 Days)
FMLA (10 Weeks)
(Available to employees)

For Employees

Sick Leave (10 Days)

- To be used for employees who are out sick as a result of COVID-19.
- Full-time Employees are entitled for full pay up to the maximum for 10 days (2 weeks/80 hours)
- Part-time Employees are entitled to the typical number of hours that they work in a typical 2 week period.

ADDITIONAL CONSIDERATIONS

- For Employees with a variable work scheduled, “typical” number of hours is based on the avg hours the employee was scheduled per day over the last six months ending on the date on which the employee is to start such leave. This is to include any other leave hours which the employee may have taken during that time.
- Max per day =\$511 (accumulated 10-day max is \$5,110).
 - If Employees daily pay is higher than the max per day allowed, the employer may pay the remaining amount if they choose to do so
- Both ER OASDI and ER RRTA Tax are Exempt

For Employees

Family Leave (10 Days)

- To be used for an employee who must miss work to care for an at-risk family member who is adhering to a requirement of recommendation to quarantine due to exposure or symptoms of coronavirus, or care for a child (under 18 years of age) whose school or child care provider is closed or unavailable for reasons related to COVID-19.
- Full-time Employees are entitled to 2/3 of their regular pay up to the maximum for 10 days (2 weeks/80 hours)
- Part-time Employees are entitled to 2/3 of their regular rate of pay for the typical number of hours that they work in a typical 2 week periods

ADDITIONAL CONSIDERATIONS

- For Employees with a variable work scheduled, “typical” number of hours is based on the avg hours the employee was scheduled per day over the last six months ending on the date on which the employee is to start such leave. This is to include any other leave hours which the employee may have taken during that time.
- Max per day =\$200 (accumulated 10-day max is \$2,000)
 - If Employees daily pay is higher than the max per day allowed, the employer may pay the remaining amount if they choose to do so
- Both ER OASDI and ER RRTA Tax are Exempt

For Employees

FMLA (10 Weeks)

- Extended leave pay to be used for employees who have been on the job for at least 30 days, have the right to take up to 12 weeks of job-protected leave under FMLA
- Full-time Employees are entitled to 2/3 of their regular pay up to the maximum for 10 weeks.
- Part-time Employees are entitled to 2/3 of their regular rate of pay using the number of hours per day calculated for the 10 day leave up to the maximum for 10 weeks.

ADDITIONAL CONSIDERATIONS

- Must be used for any one of the following reasons.
 - To adhere to a requirement or recommendation to quarantine due to exposure to or symptoms of coronavirus
 - To care for an at-risk family member who is adhering to a requirement or recommendation to quarantine due to exposure to or symptoms of coronavirus
 - To care for a child of an employee if the child's school or place of care has been closed, or the child-care provider is unavailable, due to a coronavirus
- Max per day =\$200 (accumulated max is \$10,000)
 - If Employees daily pay is higher than the max per day allowed, the employer may pay the remaining amount if they choose to do so
- Both ER OASDI and ER RRTA Tax are Exempt

Paid Sick/Family Leave Credit

Paid Sick/Family Leave Credit (FFCRA Sections 7001-7003)

Sick/Family Leave (previous 3 slides)

MUST be offered by employers with fewer than 500 employees to individuals who are unable to work (*or telework*) due to COVID- 19.

Tax Credit

Employers with fewer than 500 employees are allowed a credit for 100% of the qualified sick leave wages paid of:

- Employer Social Security tax
- Employer Medicare tax
- Health care costs

Reductions

Reduced by any:

- Small Business Research Credit
- Qualified Veterans Credit
- Paid Family & Medical Leave Credit (under TCJA, section 45S)

Can I also take advantage of?

- Paycheck Protection Program (PPP)
- Employee Retention Credits
- Deferral of Social Security Taxes

- Not for the same wage base
- Not for the same wage base
- Not for the same wage base

Paycheck Protection Program (PPP)

Paycheck Protection Program (PPP) (CARES Act Sections 1102 & 1106)

Availability

- Businesses that were operational as of February 15, 2020 and have less than 500 employees
- Loans can be up to 2.5 times average monthly payroll costs, not to exceed \$10 Million.
- Excludes the amount of compensation to individuals in excess of \$100,000

Considerations

- Monthly payroll includes wages, tips, group health, retirement benefits and taxes
- No payments for first 6 months and a total 2-year term
- Rate Fixed at 1% APR

Loan Forgiveness

100% of the loan may be forgiven if:

- The loan proceeds are used to cover payroll costs, and most mortgage interest, rent, and utility costs over the 8 week period after the loan is made
- Employee and compensation levels are maintained.

Can I also take advantage of?

- Paid Family/Sick Leave Credit
- Employee Retention Credits
- Deferral of Social Security Taxes

- Not for the same wage base
- **NO**
- **NO**

Employee Retention Credit

Employee Retention Credits (CARES Act Section 2301)

Availability

- All private sector employers (including non-profit) who:
 - Operations were reduced or suspended due to COVID19
 - Or, experienced a decline in 50% of gross receipts
- More than 100 employees: Credit for wages paid during shut-down
- 100 or less employees: All wages qualify.

Considerations

- May reduce deposits of payroll taxes that have been withheld by the amount of the credit.
- 50% of wages paid, up to \$10,000/employee (3/12/2020 – 12/31/2020)
- If deposits aren't sufficient to cover the credit, advance may be received by submitting Form 7200
- Need to report total qualified wages and health costs for each quarter on quarterly 941 beginning at end of 2nd qtr

IRS Form 7200

Used to request an advance of the tax credits for:

- FFCRA Sick and Family Leave,
- CARES Act Employee Retention

If Form 7200 is not used, employers can get a refund when showing the overpayment on their quarterly filing

Credits/reduced deposits reconciled quarterly

Can I also take advantage of?

- Paid Family/Sick Leave Credit
- Paycheck Protection Program (PPP)
- Deferral of Social Security Taxes

- Not for the same wage base
- **NO**
- Not for the same wage base

Deferral of Employer Social Security Taxes

Deferral of Employer Social Security taxes (CARES Act Section 2302)

Availability

- ALL employers
- Social Security tax of 6.2%
- Deferred for the remainder of 2020

Considerations

Must be paid in equal amounts on:

- December 31, 2021
- December 31, 2022

Accurate records will need to be retained to keep track of deferred amounts.

Reductions

Reduced by any:

- Small Business Research Credit
- Qualified Veterans Credit
- Paid Family & Medical Leave Credit (under TCJA, section 45S)
- Employee Retention Credit
- Paid Sick/Family Leave Credit

Can I also take advantage of?

- Paycheck Protection Program (PPP)
- Employee Retention Credits
- Paid Family/Sick Leave Credit

- **NO**
- Not for the same wage base
- Not for the same wage base