



Stakeholder Liaison

**The webinar will
start at 1:00 p.m.**

**Community Economic
Development Fund Presentation**

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Paycheck Protection Program

Section 1106(i) of the CARES Act operates to exclude from the gross income of a recipient any category of income that may arise from covered loan forgiveness

IRS Notice 2020-32



Paycheck Protection Program

No deduction is allowed under the Internal Revenue Code for an expense that is otherwise deductible if the payment of the expense results in forgiveness of a covered loan pursuant to section 1106(b) of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act),



Employee retention Credit



Employee Retention Credit Eligible Employer

Carry on a trade or business in 2020 that either:

- 1. Was fully or partially suspended by government order due to COVID-19 OR**
- 2. Experiences a significant decline in gross receipts**

Not eligible:

- Governmental employers**
- Self-employed individuals for own services and earnings**



Operations fully or partially suspended

- **Trade or business operations fully or partially suspended during any calendar quarter in 2020 due to orders from an appropriate governmental authority limiting commerce, travel, or group meetings (for commercial, social, religious, or other purposes) due to COVID-19**



Significant Decline in gross receipts

- **1st quarter in which gross receipts for a calendar quarter in 2020 are less than 50% of its gross receipts for the same calendar quarter in 2019**
- **A significant decline in gross receipts ends with the first calendar quarter that follows the first calendar quarter for which the employer's 2020 gross receipts for the quarter are greater than 80% of its gross receipts for the same calendar quarter of 2019.**



Qualified Wages

- **Paid to employees after March 12, 2020, and before January 1, 2021.**
- **Depends on the average number of full-time employees employed during 2019.**
- **Includes qualified health plan costs that are allocable to wages,**



Qualified Wages

Wages based on the average number of a business's employees in 2019.

Employers with less than 100 FT employees:

- **The credit is based on wages paid to *all* employees, regardless of whether they provided services.**

Employers with more than 100 FT employees:

- **The credit is allowed *only* for wages paid to employees for the time when they are not providing services .**



Calculate the Credit

- **Equal to 50% of qualified wages per employee**
- **Maximum amount of qualified wages per employee for all calendar quarters is \$10,000.**
- **Maximum credit per employee is \$5000**



Claiming the credit

- **Report qualified wages and credits for each calendar quarter on federal employment tax returns.**
- **Tax credit may be claimed against the employer portion of certain employment taxes.**
- **If credit exceeds payroll deposit employer may apply for advance refund per Form 7200, Advance Payment of Employer Credits Due To COVID-19.**



Employee Retention Credit Impact on other credit provisions

- **Small Business Loan – Paycheck Protection Program (PPP)**
- **Paid Family and Sick Leave Credit – Families First**
- **Work Opportunity Credit**
- **Section 45S**



Resources

[FAQs: Employee Retention Credit under the CARES Act](#)

[IR-2020-62, March 31, 2020 IRS: Employee Retention Credit available for many businesses financially impacted by COVID-19](#)

[Form 7200, Advance Payment of Employer Credits Due to COVID-19](#)

[Relief from Penalty for Failure to Deposit Employment Taxes](#)

[Publication 5419](#)



Families First Coronavirus Response Act (FFCRA)



Overview

Employee Benefit

- Paid Family and Medical Leave
- Paid Sick Leave

Employer Benefit

- Refundable tax credit (Paid Family and Medical Leave)
- Refundable tax credit (Paid Sick Leave)



Emergency paid sick leave

Employees unable to work or telework may be eligible to receive:

Up to 80 hours paid sick leave at full rate of pay

\$511 per day, Maximum \$5110 for an employee unable to work because employee:

- is under a Federal, State, or local quarantine or isolation order related to COVID-19;
- has been advised by a health care provider to self-quarantine due to concerns related to COVID-19;
- is experiencing symptoms of COVID-19 and ~~seeking~~ a medical diagnosis;



Emergency Paid Sick Leave cont'd

Employees unable to work or telework may be eligible to receive:

Up to paid 80 hours sick leave at 2/3 rate of pay.

Up to \$200 daily, \$2000 maximum if employee is:

- Caring for an individual under Federal, State, or local quarantine or isolation order or is advised to self-quarantine**
- Caring for child and school or place of care for the child has been closed, or the child care provider is unavailable**



Emergency paid family and Medical leave

Employee who is unable to work (or telework) to care for a child whose school or place of care is closed, or care provider is unavailable due to COVID-19.

- **Paid family and medical leave equal to two-thirds of the employee's regular pay**
- **Up to \$200 per day and \$10,000 in the aggregate**
- **Up to 10 weeks of qualifying leave**

Individuals must employed for at least 30-calendars days





Tax Credits for Small and Midsize Businesses (Employer)

- **Employer Refundable Sick Leave Tax Credit**
- **Employer Refundable Family Leave Tax Credit**



Eligible Employers

- **Small and mid-size businesses and tax-exempt organizations with fewer than 500 employees;**
- **Certain self-employed persons are entitled to similar credits.**



Paid Sick Leave credit

Eligible employers may claim tax credit if employee is unable to work or telework due to:

- **COVID-19 quarantine (pursuant to Federal, State, or local government order or advice of a health care provider)**
- **COVID-19 symptoms**
- **COVID-19 medical diagnosis**

Eligible employers may claim credit at the employee's regular rate of pay:

- **up to \$511 per day; \$5,110 in total**
- **for a total of 10 days for this credit**



Paid Sick leave credit cont'd

Eligible employers may claim tax credit if employee is unable to work or telework due to:

- **caring for someone with COVID-19 or**
- **caring for a child because the child's school or place of care is closed, or**
- **child care provider is unavailable due to COVID-19**

Eligible employers may claim credit for two-thirds of the employee's regular rate of pay:

- **up to \$200 per day; \$2000 in total**
- **for a total of 10 days for this credit**





Paid Family leave credit

Eligible employers may receive a refundable family leave credit equal to two-thirds of the employee's regular pay:

- **capped at \$200 per day or \$10,000 in total for 10 weeks**

Employer eligible to claim tax credit if employee is unable to work or telework because of a need to:

- **care for a child whose school or place of care is closed**
- **whose child care provider is unavailable due to COVID-19**



Refundable Tax Credits

- **Tax Credits For Paid Sick Leave**
- **Tax Credits for Paid Family Leave**





Paid Sick and Family Leave Refundable Credits

- **Qualified paid leave provided between April 1, 2020 and December 31, 2020**
- **Fully refundable tax credit**
- **Includes the eligible employer's share of Medicare tax**
- **Includes allocable cost of maintaining health insurance coverage**



Paid Sick and Family Leave Refundable Credits (con't)

- **Covers costs of paid sick leave and paid expanded family and medical leave related to COVID-19**
- **Claim credit on federal employment tax returns**
- **Qualified Leave Wages are not subject to the employer portion of social security tax**



Exemptions from FFCRA

- **Employers with fewer than 50 employees are eligible for an exemption from the requirements to provide paid leave to care for a child whose school or a place of care is closed, or childcare is unavailable in cases where the viability of the business is threatened.**
- **Employers of certain health care providers and emergency responders may be able to opt out as well.**



How to claim the credit

Report on quarterly 941

- Wages
- Qualified Health care expense
- Eligible Medicare tax

First reduce federal employment tax deposits

To claim the advanced credit, file Form 7200





Recordkeeping

Maintain:

- Records and documents
- Form 941, Employer's Quarterly Federal Tax Returns
- Form 7200, Advance Payment of Employer Credits Due to COVID-19



Resources

- [Coronavirus Tax Relief | Internal Revenue Service](#)
- [COVID-19-Related Tax Credits for Required Paid Leave Provided by Small and Midsize Businesses FAQs](#)
- <http://www.irs.gov/coronavirus>
- <https://home.treasury.gov/coronavirus>
- www.dol.gov/agencies
- [DOL Families First Coronavirus Response Act: Questions and Answers](#)





Employment Tax Deferral

- **Defer deposit and payment of the employer's share of Social Security taxes without penalty.**
- **Payroll tax deferral period:
March 27, 2020 thru December 31, 2020.**



Who may defer employment tax deposits?

- **All employers**
- **Self Employed Individuals.**
- **PPP loan recipients**



Coordination with other credits

- **Payroll Protection Program**
- **Employee Retention Credit**
- **Paid Leave Credit**



Applicable dates for deposits

- **December 31, 2021, 50 % of the deferred amount;**
- **December 31, 2022, 50% of the remaining amount.**



Thank You

