WELCOME & HOUSEKEEPING

- This session is being recorded and will be available on-demand
- Thank you for those that have already submitted questions
- Please continue to submit questions using the chat feature on the webinar control panel
- We will try and answer as many questions as we can at the end of the webinar
- If we do not answer your specific question, please reach out to the respective presenter post webinar.
The Latest Legal Updates on COVID-19

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DISCLAIMER

The information contained in these slides and covered in this presentation is for informational purposes only. It is not legal advice.

Each employer’s situation presents unique issues and business considerations. You should consult legal counsel in advance on decisions specific to your business that are being made during this time.
FFCRA

• Effective **April 1 – Dec. 31**
• Employers with <500 employees
• Most relevant:
  – Emergency Paid Sick Leave Act
  – Expanded Family & Medical Leave Act
More on the FFCRA…

• Emergency Paid Sick Leave Act
  – Up to 80 hours
  – Categories for Paid Sick Leave eligibility
    1. Employee subject to govt quarantine or isolation
    2. Employee advised by healthcare provider to self-quarantine
    3. Employee experiencing COVID-19 symptoms and seeking medical diagnosis
    4. Employee caring for individual in #1 or #2
    5. Employee caring for his/her child if school or place of care is closed or childcare provider is unavailable due to COVID-19 precautions
    6. Other govt specified substantially similar condition
More on the FFCRA…

• Compensation for Paid Sick Leave
  1. Paid at employee’s regular rate of pay and capped at $511 per day and $5,110 total
  2. (Same as #1)
  3. (Same as #1)
  4. Paid at 2/3 the employee’s regular rate and capped at $200 per day and $2,000 total
  5. (Same as #4)
  6. (Same as #4)
More on the FFCRA…

• Expanded Family & Medical Leave Act
  – After 30 days of employment, up to 12 weeks of leave for one reason:
    • Employee unable to work or telework due to need to care for employee’s child if school or place of care is closed or childcare provider is unavailable due to COVID-19 public health emergency declared by govt authority
  – First 10 days unpaid
  – Remaining leave paid at 2/3 employee’s rate; capped at $200/day, $10,000 total
Am I required to provide employees notices regarding the paid leave provisions of the FFCRA?
How do I claim the small business exemption if I have less than 50 employees?

• An authorized officer of the business must determine that:
  – The provision of paid sick leave or expanded family and medical leave would result in the small business’s expenses and financial obligations exceeding available business revenues and cause the small business to cease operating at a minimal capacity;
  – The absence of the employee or employees requesting paid sick leave or expanded family and medical leave would entail a substantial risk to the financial health or operational capabilities of the small business because of their specialized skills, knowledge of the business, or responsibilities; **OR**
  – There are not sufficient workers who are able, willing, and qualified, and who will be available at the time and place needed, to perform the labor or services provided by the employee or employees requesting paid sick leave or expanded family and medical leave, and these labor or services are needed for the small business to operate at a minimal capacity.

• Do not send the DOL any documents re the exemption
What records do I need to keep when my employee takes paid sick leave or expanded family and medical leave?
Can paid sick leave or expanded family and medical leave be taken intermittently?
If I close my business temporarily, do I still have to pay employees who qualify for paid sick leave or expanded family and medical leave?
Are employees that are laid off or furloughed eligible before or after the need for leave arises entitled to paid sick leave or expanded family and medical leave?
Will my employees be eligible for the federal unemployment compensation benefits?
Am I required to continue health insurance coverage while employees are on paid sick leave or expanded family and medical leave?
If I layoff employees, am I still eligible for the SBA loan forgiveness program?
OVERVIEW OF “CARES” ACT: TAX PROVISIONS

- “Phase 3” of Legislation from Congress this month on Coronavirus
- Introduced on March 19, 2020
- Passed on March 27, 2020
- **Designed as Economic Stimulus Package** to assist those workers, families, and businesses impacted by Coronavirus
- Massive Bill - $2 trillion overall package \( \rightarrow 20x \) size of Phase 2 package
- Looking to have immediate impact on the economy. Cash infusion for individuals and businesses, and liquidity to aid them over the coming months
- Several significant tax provisions, but not just a tax bill. Many aspects to CARES
OVERVIEW OF “CARES” ACT: **TAX PROVISIONS**

- **Individual Tax Incentives (Selected)**
  - Individual Rebate Checks –coming soon
  - Retirement Plan Relief Provisions
  - Required Minimum Distributions (RMD) Relief
  - Charitable Contributions
  - Employer payments on student loans can be excluded from employee’s income
OVERVIEW OF “CARES” ACT: TAX PROVISIONS

- Business Tax Incentives (Selected)
  - Employee Retention Credit (Payroll Credit)
  - Deferral of Payroll Taxes in 2020
  - Changes with Net Operating Losses (NOLs). *The Return of Carrybacks*
  - Recent Change Limiting Large Losses -Relaxed for Now
  - Recent Restriction in Interest Expense Softened for 2019 and 2020
  - Glitch Fix -Error for Qualified Improvement Property from TCJA for 100% bonus depreciation. Retroactive remedy
LOAN UPDATES
ECONOMIC INJURY DISASTER LOAN (EIDL)

- Administered by Small Business Administration
- Proceeds used for working capital
- May not be best option if you have payroll
- Up to $2m, 3.75% (2.75% for non-profits), up to 30-year amortization
- Application Process - Have documents ready  https://www.sba.gov/disaster
- Be patient
EIDL: REQUIRED DOCUMENTS

- Business Loan Application (SBA Form 5)
- IRS Form 4506-T
- Federal Income Tax Returns, including all schedules
- Personal Financial Statements (SBA Form 413)
- Listing of all fixed debts (SBA Form 2202)
- YTD profit and loss
- Monthly sales figures (SBA Form 1368)
PAYCHECK PROTECTION PROGRAM: TERMS OF LOAN

- Maximum loan amount calculation - lesser of $10mm or 2.5 times average monthly payroll and benefits, plus, outstanding disaster loan
  - Annualized wages limited to first $100,000
- No collateral or personal guarantee
- Interest rate of 4% or less
- Deferment of first payment from 6-12 months
- Amortization of up to 10 years
PAYCHECK PROTECTION PROGRAM: 
LOAN FORGIVENESS PROVISIONS

- Applies to payments made for 8 weeks immediately following loan disbursement
- Rent, mortgage payments, utilities, interest on other debt, payroll and benefits paid create forgiveness
- Employee count decrease and/or wage decrease can reduce forgiveness amount
- Borrowers must submit detailed records to lender to earn forgiveness
- Loan forgiveness does not create taxable income
PAYCHECK PROTECTION PROGRAM: WHAT SHOULD I DO NEXT

- Consider which provisions apply and work with an advisor to determine how to proceed
- Update your financial statements including realistic projections for the remainder of 2020
- Assess your cash flow needs to determine if you need a Disaster Loan or other source of credit
- Talk to your lender and other advisors
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ADDITIONAL RESOURCES:
We have developed an extensive resource center which can be found at www.sikich.com/coronavirus-resource-page
THANK YOU
Now we will answer and address questions

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