

Families First Coronavirus Response Act (FFCRA) HR 6201 & The CARES Act

2020



Families First Coronavirus Response Act (FFCRA) HR 6201

- Effective: April 1, 2020 - December 31, 2020
- The law contains three important sections for employers:
 - Emergency Family and Medical Leave Expansion Act
 - Emergency Paid Sick Leave Act (for Self and Other)
 - Employer Tax Credits for sick and family medical leave wages paid

The law applies to employers that:

- Fewer than 500 employees
- Anywhere in the United States
- No exceptions for seasonal employers/employees



Div. E: Emergency Paid Sick Leave Act

Under the legislation, employers will have to provide up to 80 hours of paid sick leave benefits if an employee:

1. Has been subject to government quarantine or isolation order;
2. Has been advised by or received a Doctor orders to self-quarantine;
3. Has experienced COVID-19 symptoms and seeking diagnosis;
- 4 Is caring for quarantined “individual” ;
 - That individual who is subject to points (1) or (2)
5. Needs to care for child whose school/daycare is closed; or place of care is closed
6. Is experiencing other substantially-similar conditions as specified by the Secretary of Health and Human Services.



Emergency Paid Sick Leave

Benefits

Expanded Sick Leave-Self: (Qualifying reasons 1, 2, and 3)

- Employees will be paid for Two weeks (up to 80 hours)
- 100 percent of their rate of pay
 - Maximum of \$511 per day, or \$5,110 for Full time workers.
 - Part-time employees are eligible to be paid at their [average number of work hours in a two-week period](#).

Expanded Sick Leave-Other: (Qualifying reasons 4, 5, and 6)

- Employees will be paid for Two weeks (up to 80 hours)
- Two-thirds of their rate of pay
 - up to a maximum of \$200 per day, or \$2,000 over the two-week period.
 - Part-time employees are eligible to be paid at their [average number of work hours in a two-week period](#).



Div. C: Emergency Family Medical Leave

- Qualifying Reasons:
- Employees are unable to work or telework due to:
 - The need to care for a son or daughter under 18
 - Whose school or place of care has been closed,
 - Whose childcare provider is unavailable
 - Due to a “Public Health Emergency” with respect to Covid-19 as declared by a Federal, State, or Local Authority
- Benefits:
 - Employees will Paid at two-thirds of their rate of pay.
 - Not more than \$200 per day
- First 10 days are unpaid*
- Is available for an Additional 10 weeks



Tax Credits

Covered employers qualify for dollar for dollar reimbursement for all qualifying wages paid under FFCRA.

- An employer can collect a tax credit equal to 100% of qualified emergency sick leave and family leave.
- The credit only covers leave payments during the period beginning on April 1st and ending December 31,2020.



Example of an Immediate tax Credit

Item	Amount
ER Total Gross Pay	\$10,000
ER Eligible Sick Leave	\$ 2,000
941 Liability	\$ 3,400
941 Qualifying Credit	\$ 2,000*
941 Liability	\$ 3,400
941 Amount Due	\$ 1,400**
941 Credit Due	
*Reduces what CPS collects Paid Immediately Flows through to 941	
**Paid by CPS in payroll	

Item	Amount
ER Total Gross Pay	\$10,000
ER Eligible Sick Leave	\$ 5,000
941 Liability	\$ 3,400
941 Qualifying Credit	\$ 5,000*
941 Liability	\$ 3,400
941 Amount Due	\$ 0
941 Credit Due	\$ 1,600**
*Reduces what CPS collects Paid Immediately Flows through to 941	
** ER must file Form 7200 for Credit	



Comparable Tax Credits for Self-Employed

- Self Employed Individuals may be eligible for a refundable tax credit equal to 100 percent of qualified family leave. (EFMLA)
- Self Employed Individuals may be eligible for a refundable tax credit equivalent to the qualified sick leave amount, based on their average daily self-employment income. (EPSLA)
- Refundable credits are claimed on the self-employed individual's Form 1040 for the 2020 tax year.



Small Business Exemption

Businesses and religious organizations with (fewer than 50 employees) may qualify for an exemption if an authorized officer of the business has determined that:

- Paying the mandated benefits would jeopardize the viability of the business.
- The DOL stated that employers who elect the exemptions should document why their business meets the criteria set forth by the DOL
- Please visit the DOL website for additional information



CPS Responsibilities

- Created universal pay codes for both Emergency Paid Sick Leave And Emergency Family and Medical Leave
- Pay Codes are designed to calculate at full pay or two thirds as mandated by the law
- Pay Codes automatically reduce the 941 tax impounds
- Identify the applicable tax credit on the Payroll liability report



Employee Rights Poster

CPS will send our clients the Employee Rights Poster to be posted or distributed to their employees:

The **Families First Coronavirus Response Act (FFCRA or Act)** requires certain employers to provide their employees with paid sick leave and expanded family and medical leave for specified reasons related to COVID-19. These provisions will apply from April 1, 2020 through December 31, 2020.

► PAID LEAVE ENTITLEMENTS

Generally, employers covered under the Act must provide employees:

Up to two weeks (80 hours, or a part-time employee's two-week equivalent) of paid sick leave based on the higher of their regular rate of pay, or the applicable state or Federal minimum wage, paid at:

- 100% for qualifying reasons #1-3 below, up to \$511 daily and \$5,110 total;
- ⅔ for qualifying reasons #4 and 6 below, up to \$200 daily and \$2,000 total; and
- Up to 10 weeks more of paid sick leave and expanded family and medical leave paid at ⅓ for qualifying reason #5 below for up to \$200 daily and \$12,000 total.

A part-time employee is eligible for leave for the number of hours that the employee is normally scheduled to work over that period.

► ELIGIBLE EMPLOYEES

In general, employees of private sector employers with fewer than 500 employees, and certain public sector employers, are eligible for up to two weeks of fully or partially paid sick leave for COVID-19 related reasons (see below). *Employees who have been employed for at least 30 days* prior to their leave request may be eligible for up to an additional 10 weeks of partially paid expanded family and medical leave for reason #5 below.

► QUALIFYING REASONS FOR LEAVE RELATED TO COVID-19

An employee is entitled to take leave related to COVID-19 if the employee is unable to work, including unable to telework, because the employee:

- | | |
|-------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. is subject to a Federal, State, or local quarantine or isolation order related to COVID-19; | 5. is caring for his or her child whose school or place of care is closed (or child care provider is unavailable) due to COVID-19 related reasons; or |
| 2. has been advised by a health care provider to self-quarantine related to COVID-19; | 6. is experiencing any other substantially-similar condition specified by the U.S. Department of Health and Human Services. |
| 3. is experiencing COVID-19 symptoms and is seeking a medical diagnosis; | |
| 4. is caring for an individual subject to an order described in (1) or self-quarantine as described in (2); | |

► ENFORCEMENT

The U.S. Department of Labor's Wage and Hour Division (WHD) has the authority to investigate and enforce compliance with the FFCRA. Employers may not discharge, discipline, or otherwise discriminate against any employee who lawfully takes paid sick leave or expanded family and medical leave under the FFCRA, files a complaint, or institutes a proceeding under or related to this Act. Employers in violation of the provisions of the FFCRA will be subject to penalties and enforcement by WHD.



WAGE AND HOUR DIVISION
UNITED STATES DEPARTMENT OF LABOR

For additional information
or to file a complaint:
1-866-487-9243
TTY: 1-877-889-5627
dol.gov/agencies/whd



WH1422 REV 03/20



CARES Act

2020



CARES Act

- Provides a Comprehensive relief package in response to economic distress.
- Provides financial relief to individuals, families and businesses.
- Suspends Student loan payments through September 30,2020.
- Provide tax credits and emergency funds to businesses small and large.
- Increases weekly unemployment benefits.
- Extends unemployment coverage for an additional 13 weeks.



Unemployment Compensation Under CARES Act

- Individuals who ordinarily would qualify for unemployment compensation under state law are entitled to:
 - The regular amount of compensation available under state law
- **AND**
- An additional flat fee amount of \$600 per week is available until July 31, 2020. This is referred to as “Federal Pandemic Unemployment Compensation.”



Temporary Financing of Short-Term Compensation Payments

CARES provides for temporary Federal financing of short-time compensation programs also known as work share plans.

- Allows qualified employers to reduce work hours rather than laying off employees. Such employees receive unemployment compensation benefits that are pro-rated for the partial workweek reduction.
- Employers that implement a short-time compensation program may be eligible for 50% federal funding of UI benefits paid under the program.
- Funded benefits under this component are capped at 26 weeks.



Paycheck Protection Program

CARES Act Paycheck Protection Program provides a new loan option for employers with less than 500 employees that will be eligible for loan forgiveness:

- **PPP loans are intended to help small businesses maintain cash flow for 8 weeks by providing 100 percent federal guaranteed loans that:**
 - **Cover the employment and other costs such as payroll salaries (less than 100K) commissions, paid sick or medical (excluding tax credit provided under FFCRA). Health care benefits, retirement benefits, mortgage, rent and utilities,**
 - **SBA approved lenders are required to offer 6-12 month initial deferments on payments, principal, interest and fees.**
 - **The loan is forgiven if at least 75% is used for payroll.**
 - **Any loan amounts not forgiven at the end of one year is carried forward as an ongoing loan with terms of a max 10 years, at max 4% interest**
 - **PPP loans will be available to eligible employers from April 11, 2020 through June 30 2020**



News Alert

- The Small Business Administration has announced on April 16th that there is a Lapse in Appropriations.
- New applications are not available at this time.
- Existing Applicants who have already submitted with the Small Business Administration will continue to be processed on a first come first served basis.
- Please follow up directly
- <https://covid19relief.sba.gov/>
- If you have questions, please contact the Small Business Administration disaster assistance customer service center at 1-800-659-2955 (TTY: 1-800-877-8339) or e-mail disastercustomerservice@sba.gov.
- **Just announced: The Federal Reserve takes additional actions to provide up to 2.3 trillion in loans to support the economy (Main Street Loan Program).**



Funding for Small Business

Funding for Loans, advances or debt relief:

- Detailed application guidelines are also available on the Small Business Administrations website. <https://www.sba.gov/>
- CPS is prepared to provide you with the applicable payroll reports needed to complete the application process.
- We encourage our clients to involve their CPA as a primary point of contact when completing the application.
- The Small Business Administration has a network of at least 1800 approved lenders that process small business loans.



Employee Retention Credit

CARES offers separate types of payroll tax credits for all non-governmental employers for wages paid from 03.13.2020 to 12.31.2020

CREDIT: 50 percent of the wages paid by the employer to employees. Up to a maximum of \$10,000 per employee.

Eligibility requirements: Employers, must show that its operations have been fully or partially suspended due to stay in place orders related to COVID-19

OR

- **Gross receipts have declined by more than 50 percent when compared to the same quarter in 2019.**
- **The employee retention credit cannot be combined with Small Business Administration Loans**



Payroll Tax Deferral

Unlike the employee retention credit, the deferral is not based on the taxpayer meeting edibility requirements.

- **Act permits employers to forgo timely payment of the employer portion of Social Security tax due from March 27th through December 31,2020 without penalty or interest.**
- **Employers must pay back 50% of the deferred amount by December 31,2021 and the remainder by December 31,2022.**
- **Self employed individuals can take an equivalent tax deferral on 50% of the self employment income without penalty for failure to make estimated tax deposits on that amount during the deferral period.**



Retirement Plan Relief

Provides tax relief to retirement plan participants impacted by COVID 19:

- People who are affected by COVID 19 can take withdrawals of as much as \$100,000 without the usual 10% penalty.
- Increases loan amounts up to \$100,000
- Allows for a delay in loan repayments
- Suspends the tax penalty on Required minimum Distributions for retirement accounts for calendar year 2020
- Employers will need to elect to add these features to their retirement plan.



Provisions for Individuals

Recovery Rebates for Individuals:

- Allows for direct payments to individuals in two waves:
- Payments of \$1200 will be issued, with an additional \$500 added for each dependent child, under age 17.
- Payments are based on individuals 2019 tax return, or 2018 if 2019 has not been filed
- Payments are based on individuals whose adjusted gross income was \$75,000 or less (150,000 for married filing jointly, \$112,500 for head of household).
- People with adjusted gross income over \$75,000 (\$150,000 for married filing jointly) will have their rebate reduced \$50 for every \$1000 over the threshold
- AGI in excess of \$99,000 (\$198,000 married filing jointly, \$146,500 head of household) the rebate will no longer be applicable.



CPS Resources

Our online portals provide our clients accessibility to reporting requirements

- Compliance Support will track paid Leave
- Our Client Relations Specialists will produce on demand custom reports that may be required for some SBA loan applications.
- Payroll reports that will itemizes the Employee Retention Credit and or the Payroll Tax Deferral.

