



COVID-19

ANALYSIS OF BUSINESS RELIEF OPTIONS

Paycheck Protection Program (PPP)

Immediate cash?

Yes. Please see below for how the maximum loan amount is calculated as well as qualifying expenses.

How much do you have to pay back and when?

Loan amount and interest can be forgiven if the proceeds are used for qualified expenses over a covered period, which is eight weeks immediately after receiving your funds. If not forgiven, you will have two years to pay off the loan with 1% interest, which will start six months after the date of the loan. Four qualified expense categories are forgivable, including payroll costs, rent obligations, utilities, and mortgage interest (if you own your building).

Maximum amount?

Average payroll costs for the last twelve months not exceeding \$10,000,000.

Do you qualify?

This program is available for most businesses with 500 or fewer people.

Interaction with other relief options?

You cannot apply for the PPP loan and also claim the ERTC. You cannot defer payroll tax payments if PPP loan is forgiven. The FFCRA credits can be used with the PPP loan. However, payroll costs must be reduced for amounts claimed under the FFCRA credits.

Employee Retention Tax Credit (ERTC)

Immediate cash?

Yes. You can reduce your federal employment tax deposits to pay for qualified wages, receive an advance of the credit by filing Form 7200, or receive a refund if the amount of the ERTC exceeds applicable payroll tax due.

How much do you have to pay back and when?

There is no pay back amount.

Maximum amount?

The employer portion of the credit applies to the employer portion of Social Security tax (6.2% of wages). The maximum amount of credit for wages paid from March 13, 2020 until the end of the year is \$5,000. Businesses with more than 100 employees are subject to an additional cap, which is a maximum of 50% wages.

Do you qualify?

This credit is available for businesses who have been totally or partially suspended due to COVID-19, such as a government shutdown or shelter in place, and who have experienced more than a 50% reduction in quarterly receipts compared to the prior year, same quarter.

Interaction with other relief options?

If claiming the ERTC, you cannot also apply for the PPP loan. You can take advantage of the payroll tax deferral if the business still owes payroll tax in excess of the credit. This credit can be used with the FFCRA credits as long as it's not for the same wages that were counted as FFCRA sick or family leave wages.

Deferral of Payroll Taxes

Immediate cash?

Yes. The deferral of payroll tax operates as an interest-free loan.

How much do you have to pay back and when?

For 2020, 50% of the employer's portion of each quarter's Social Security tax payment and deposit is now due December 31, 2021. The remaining 50% is due December 31, 2022.

Maximum amount?

The employer's portion of Social Security tax (6.2% of wages up to \$137,700 in 2020).

Do you qualify?

This deferral is available for any business or self-employed individual who has not had a PPP loan forgiven, without any need-based eligibility.

Interaction with other relief options?

If you received a PPP loan, you can take advantage of this deferral until your bank issues a decision that the PPP loan is forgiven. The amount of deferred payroll tax through the date of the PPP loan forgiveness will continue to be deferred until the pay back dates (December 31, 2021 and December 31, 2022). Once your PPP loan has been forgiven, you are no longer eligible for this deferral option.

Payroll Tax Credit for Paid Sick Leave and Family and Medical Leave (FFCRA)

Immediate cash?

Yes. You can reduce your federal employment tax deposits for wages paid in the same quarter to zero, receive an advance of the credit by filing Form 7200, or receive a refund if the amount of the credit exceeds applicable payroll tax due.

How much do you have to pay back and when?

There is no pay back amount.

Maximum amount?

FOR SICK LEAVE:

If the employee is infected with COVID-19 or is required to quarantine at the recommendation of public health officials, you can be reimbursed the employer's share of Social Security and Medicare tax for 100% of sick leave wages paid.

If the employee is caring for a family member, either someone who becomes infected with COVID-19 or children whose school or daycare is closed due to the pandemic, you can be reimbursed the employer's share of Social Security and Medicare tax for wages not exceeding \$200 per day per employee and \$2,000 total.

FOR FAMILY AND MEDICAL LEAVE:

You can be reimbursed the employer's share of Social Security and Medicare tax for wages not exceeding \$200 per day per employee and \$10,000 total.

Do you qualify?

This credit is available for most businesses with 500 or fewer people.

Interaction with other relief options?

You can receive a PPP loan and claim either of these FFCRA credits. You can also take advantage of the deferral of payroll taxes with this credit. You can claim the ERTC and this credit, but you cannot count the same wages under both.