



PLATINUM GROUP
CLOUD PAYROLL | HR | ACCOUNTING

Webinar 7

Employer Updates 05-08-2020

Platinum Group

Webinar-May 8, 2020

WEBINAR LOGISTICS

- **All Participants are muted.**
- **We would love to hear from you! (questions bar).**
- **A note about questions.**
- **A recording of the webinar and presentation slides will be available this afternoon.**
- **Rapidly changing environment – What we know now.**

WEBINAR 07

Platinum Group

Webinar-May 8, 2020

COVID-19 WEBINAR 07

Re-opening After COVID-19 | Law & Loan Updates | Loan Forgiveness Provisions
5.8.20



The SBTDC is a business and technology extension program of the UNC System and is funded in part through a Cooperative Agreement with the U.S. Small Business Administration.



MICHAEL MURPHY
Platinum Group



SANDRA DENNISON
SBTDC



SABRINA PRESNELL ROCKOFF
McGuire Wood & Bisette



MURPHY HORNE FLETCHER
McGuire Wood & Bisette



CLARK DUNCAN
*Asheville Area Chamber
of Commerce*



TIMOTHY LOVE
Buncombe County

WEBINAR 07

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Platinum Group

Webinar May 8, 2020

AGENDA

- **Summary of information gleaned from our industry-specific town hall meetings, including advice for businesses and practical steps to take for reopening.**
- **Other Loan Options**
- **Reopening and Rehire Considerations from a legal perspective.**
- **Paycheck Protection Program (PPP) – SBA Updates & Considerations**

WEBINAR 07

Buncombe Ready

Planning for Recovery



Tim Love, Buncombe County

Clark Duncan, Asheville Area Chamber & Economic Development Coalition





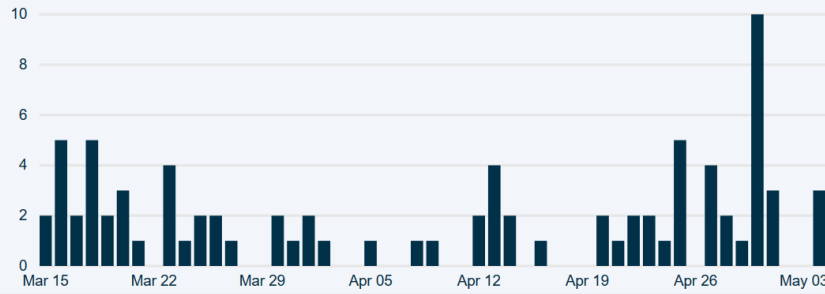
BUNCOMBE COUNTY

COVID-19 DASHBOARD

Last Updated

Wednesday, May 6, 2020 01:26 PM

COVID-19 Cases



Total Cases

84

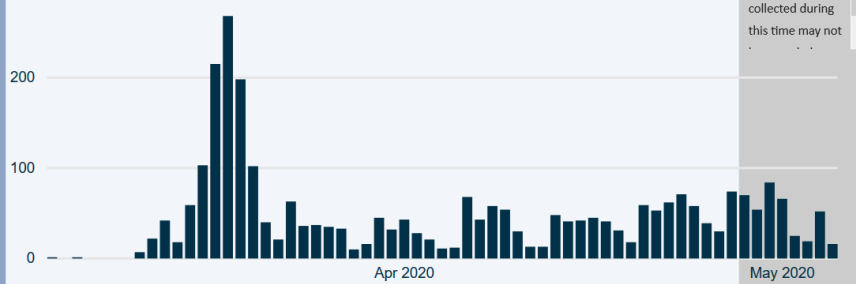
Total Deaths

4

Total Tests Administered

2,896

COVID-19 Tests Administered

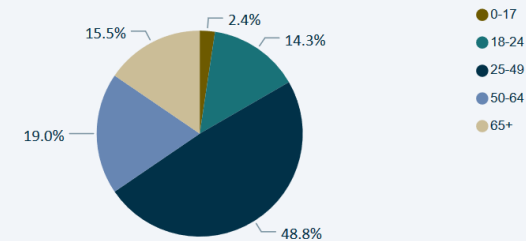


Specimens collected during this time may not

Epi Curve

Running Total

COVID-19 Cases by Age Group



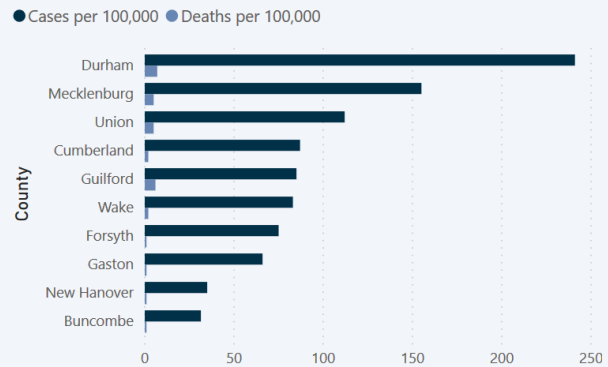
Age Group

Ethnicity

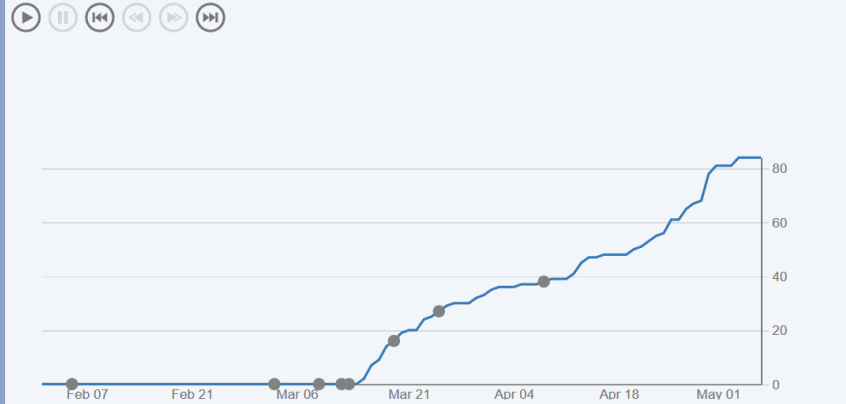
Gender

Race

Cases and Deaths per 100,000 Residents by County



Timeline of Buncombe County COVID-19 Response Vs Case Count



March 19
Buncombe County
Implements First
Restrictions

March 25
Buncombe County
Issues Stay Home –
Stay Safe Order

May 8
Buncombe County
Enters Phase 1
Recovery

May 22
Buncombe County
Potentially Enters
Phase 2 Recovery



What's new in **Phase One**?

On **Friday, May 8 at 5pm**, North Carolina will move into Phase One. The **Stay at Home order** remains in place with some modifications. Here's what Phase One means for our state:

	Through May 8	Phase One
Commercial activity	People should only leave home for essential purposes (food, medicine, etc)	People can leave home for commercial activity and more businesses are open
Retail	20% capacity allowed	50% capacity allowed with cleaning and social distancing
Gatherings	10 person limit	10 person limit-gathering outdoors with friends allowed
Childcare	Childcare centers open for essential workers only	Childcare centers open for working parents or those looking for work
Teleworking	Encouraged	Encouraged
Bars and Restaurants	Take-out and delivery	Take-out and delivery
Barbers/Salons/Massage	Closed	Closed
Theaters, Music Venues, Bowling Alleys	Closed	Closed
Gyms	Closed	Closed
Playgrounds	Closed	Closed
Visitation at Longterm Care Centers	Not allowed	Not allowed
Worship Services	Outdoor services allowed	Outdoor services allowed
State Parks and Trails	Local discretion	Opening encouraged
Face Coverings	Encouraged	Encouraged

Key North Carolina Guidance:

- ✓ Expanded commercial activity permitted for residents beyond 'essential' definitions
- ✓ Retail capacity expanded to 50%
- ✓ Outdoor gatherings permitted up to 10 people
- ✓ Childcare centers open without restriction
- ✓ State and local parks and trails opened



Key Buncombe County Guidance:

WHAT PHASE 1 MEANS FOR BUNCOMBE COUNTY

On Friday, May 8 at 5pm, **Buncombe County** will move into Phase 1 of re-opening. The *Stay at Home* order remains in place, but with fewer restrictions. The following chart will help you navigate what Phase 1 looks like for **Buncombe County**:



People should still stay at home as much as possible, but the variety of reasons people are allowed to leave their homes has expanded.

If you do leave home, **know the W's...**



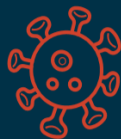
Wear a cloth face covering



Wait 6 feet apart. Avoid close contact.



Wash your hands often or use hand sanitizer.



Despite the progress we have made and our relatively low case count in Buncombe County, COVID-19 is still a highly contagious virus, and we are still in the midst of a Global Pandemic. It takes all of us working together, following Public Health Guidance, to safeguard our communities. Buncombe County's response continues to be driven by data, science, and fact.

Let's be **Safe**, Let's be **Smart**, Let's take this **Step by Step**.

TRANSITION TO PHASE 1 WHAT'S DIFFERENT?

Mitigation Measures	Guidance Through May 8	Phase 1 Guidance
Physical Distancing	Maintain 6 Ft. Apart. Avoid Close Contact	Maintain 6 Ft. Apart. Avoid Close Contact
Mass Gatherings	10 Person Limit	10 Person Limit
Local Travel	Essential Travel Only	For Commerce And Expanded Business
Face Coverings	Encouraged	Strongly Encouraged
Stay At Home Order	In Effect	In Effect, With Fewer Restrictions
High Risk Individuals	Reduce Exposure As Much As Possible	Reduce Exposure As Much As Possible

Activity	Guidance Through May 8	Phase 1 Guidance
Commercial Activity	Essential Purpose Only	All Retail At 50% Capacity With Noted Exceptions
Childcare	Child Care Open For Essential Workers Only	Childcare Open For All Working Parents
Teleworking	Encouraged	Encouraged
Bars And Restaurants	Take Out, Drive Thru, And Delivery Only	Takeout, Drive Thru, And Delivery Only
Barbers / Salons	Closed	Closed
Theaters / Music / Bowling	Closed	Closed
Gyms / Indoor Sporting	Closed	Closed
Playgrounds	Closed	Closed
Visitation To Longterm Care	Not Permitted	Not Permitted
Worship	Outdoor Or Virtual Service	Outdoor Or Virtual Service No More Than 10 Indoors
State And County Parks And Trails	Closed	Opening Encouraged
Leisure Tourism Bookings	Not Allowed	Only Allowed For Wnc Residents Of 828 Area Code
Hotels/Motels	Essential Allowed	Leisure Reservations Allowed For 828 Residents Only
Bed And Breakfast	Essential Allowed	Leisure Reservations Allowed For 828 Residents Only
Short Term Rentals/ Homestay	Essential Allowed	Leisure Reservations Allowed For 828 Residents Only
Campgrounds	Not Allowed	Leisure Reservations Allowed For 828 Residents Only
Unique Industries	Closed	No More Than 10 People Following Physical Distancing And Public Health Guidance
Outdoor Sporting Events	Not Allowed	Not Allowed
Outdoor Activities	Not Allowed	No More Than 10/No Close Contact Sports
Outdoor Sport Facilities	Closed	Closed
Libraries	Closed	Curbside Service
Community Centers	Closed	No More Than 10 People
Outdoor Recreation Activities	Closed	No More Than 10 People
Day Camps	Closed	Allowed Within Cdc Compliance
Overnight Camps	Closed	Closed
Funerals	No More Than 50	No More Than 50
Two Week Quarantine	Required For Out-Of-State Arrivals	Encouraged For Out-Of-State Arrivals

Buncombe Ready:



ASHEVILLE

AREA CHAMBER OF COMMERCE

SEE BUSINESS TOWNHALL FAQ:
www.AshevilleChamber.org/Coronavirus



PREPARE THE BUILDING

Cleaning plans, pre-return inspections, HVAC & mechanicals checks

- Ensure safety of all workers
- Ready Mechanical, HVAC, Fire/Life Safety systems
- Clean with products from approved lists from governing authorities
- Ensure compliance with owner/Landlord requirements policies
- Engage vendors in back-to-work plan
- Review and prepare plans regarding changes to cleaning scope or any additional services
- Ensure all inspections, remediations, repairs and communications are complete before reopening



PREPARE THE WORKFORCE

Policies for deciding who returns and when; employee communications

- Mitigate anxiety of returning to the workplace through change management planning and communications
- Consider why people can benefit from returning to work
 - Productivity from proximity to colleagues; socialization; amenities; and work tools & resources
- Consider why people can benefit from continued WFH
 - Health and family priorities; reduced commute time; technology enables WFH without loss of productivity
- Develop and execute detailed plan on how to return to work
- Advise on alternate means of safe commuting
- Prepare and post reminders of social distancing and cleaning protocols



CONTROL ACCESS

Protocols for safety and health checks, building reception, shipping/receiving, elevators, visitor policies

- Control the entry points including deliveries
- Reconfigure gathering and lobby areas for social distancing
- Install plexiglass shields as appropriate
- Clearly communicate building protocols through signage and floor markings
- Consider temperature screening
- Provide sanitizer, wipes, PPE as appropriate
- Disable touchscreens



Buncombe Ready:



ASHEVILLE
AREA CHAMBER OF COMMERCE

SEE BUSINESS TOWNHALL FAQ:
www.AshevilleChamber.org/Coronavirus



CREATE A SOCIAL DISTANCING PLAN

Decreasing density, schedule management, office traffic patterns

- Consider phasing based on roles and priorities, including temp workers if needed
 - Alternating work weeks in the office and WFH
 - Staggered arrival/departure times
 - Enable teams to negotiate their own 'in-office' schedules
- Introduce planning to support social distancing/ 6 Feet Office Protocols
- Monitor space usage
- Specify seating assignments for employees to ensure staff adheres to minimum work distances
- Redesign spaces, alternate desk/chair use, etc., for social distancing
- Add panels between desks including height adjustable panels for sit/stand desks
- Enforce stringent cleaning protocols for shared spaces
- Reduce capacity of spaces—e.g., remove some chairs from large conference rooms
- Prohibit shared use of small rooms and convert them to single-occupant use only
- Designate and signpost the direction of foot-traffic in main circulation paths



REDUCE TOUCH POINTS & INCREASE CLEANING

Touchless ingress/egress, clean desk policy, food plan, cleaning common areas

- Maintain enhanced cleaning and disinfecting practices
- Supply disinfectants near or on each desk or work area, particularly those that are shared
- Remove food/beverages – consider restocking with single-serving items
- Enable DIY cleaning through hand sanitizer, disinfectant wipes, and other such products
- Sanitize all workspace areas, including office, conference room, breakroom, cafeteria, restroom, and other areas prior to opening. Ensure appliances/equipment are in working order
- Limit in person meetings
- Consider low-touch or no-touch switches, doors, drawers and other fittings
- Remove high-touch shared tools such as whiteboard markers, remote controls, etc.
- Institute a clean desk policy
- Create secured, designated storage areas for personal items
- Designate a specific enclosed room to isolate any person identifying themselves with symptoms



COMMUNICATE FOR CONFIDENCE

Recognize the fear in returning, communicate transparently, listen/survey regularly

- Ensure leadership alignment on re-entry
- Establish two-way communication
- Ensure a trusting and transparent culture
- Clearly set employee expectations, with an emphasis on making them feel secure
 - Return to work/WFH policies and incentives
 - Guest and visitor policies
 - Employee travel policies
 - HR policies regarding illness, support for caregivers, etc.

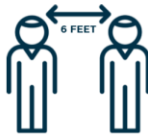
Download at www.BuncombeReady.org:

Our business is complying with Public Health Guidance.

Know the Three Ws



WEAR
a cloth face covering.



WAIT
at least six feet apart
and avoid close contact.



WASH
your hands often or
use hand sanitizer.



STAY SAFE. STAY LOCAL.
BUNCOMBEREADY.ORG



Our business is complying with Public Health Guidance.

STEPS TO ENSURE A SAFER ENVIRONMENT HERE INCLUDE:



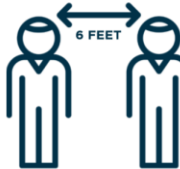
DO NOT ENTER IF YOU
HAVE A COUGH, FEVER,
OR OTHER SYMPTOMS



WEAR A MASK OR FACE
COVERING OVER YOUR
MOUTH AND NOSE



USE HAND SANITIZER
OR WASH YOUR HANDS
BEFORE ENTERING



MAINTAIN AT LEAST SIX FEET
OF PHYSICAL DISTANCE
BETWEEN EACH OTHER



USE A CREDIT OR DEBIT
CARD IF POSSIBLE



AVOID DIRECT CONTACT
WITH STAFF AND OTHER
CUSTOMERS



STAY SAFE. STAY LOCAL.
BUNCOMBEREADY.ORG



NON-HEALTH CARE EMPLOYEE SYMPTOM SCREENING CHECKLIST

BUNCOMBEREADY

ANYONE SHOWING SYMPTOMS OF COVID-19 OR WHO MAY HAVE BEEN EXPOSED TO COVID-19 SHOULD NOT WORK.

- 1 Have you had close contact (within 6 feet for at least 10 minutes) in the last 14 days with someone diagnosed with COVID-19 or has any health department been in contact with you and advised you to quarantine?
 YES
The employee should not work. The employee can return to work 14 days after the last time they had close contact with someone with COVID-19.
 NO
The employee can work if they are not experiencing symptoms.
- 2 Since you last worked, have you had any of these symptoms?
 Fever
 Shortness of breath
 Cough
 Chills
 Repeated shaking with chills
 Muscle pain
 Sore throat
 New loss of taste or smell
 Confusion or dizziness

If an employee has any of these symptoms, they should go home, stay away from other people, and call their health care provider.

IF AN EMPLOYEE HAS BEEN DIAGNOSED WITH COVID-19 OR HAS HAD SYMPTOMS RECENTLY, THEY SHOULD NOT WORK.

If an employee is diagnosed with COVID-19 based on a test or their symptoms or does not get a COVID-19 test but has had symptoms, they should stay at home.

An employee can return to work when they can answer YES to ALL three questions:

- Has it been at least 10 days since you first had symptoms?
- Has it been at least 3 days since you've had a fever (without using fever reducing medicine)?
- Has it been at least 3 days since your symptoms have improved, including cough and shortness of breath?

If an employee has had a negative COVID-19 test, they can return to work once they have no fever without the use of fever-reducing medicines and have felt well for 24 hours.

The employee can return to work without meeting the above criteria and without a negative COVID-19 test result IF they have a doctor's note allowing them to return to work.



HAVE MORE QUESTIONS?
CONTACT THE READY TEAM AT
(828) 419-0095 OR
READY@BUNCOMBECOUNTY.ORG
(MONDAY-FRIDAY, 8AM-5:30PM)



STAY INFORMED
BUNCOMBECOUNTY.ORG
NCDHHS.GOV
CDC.GOV
DIAL 2-1-1 FOR COMMUNITY RESOURCES
TEXT COVIDNC TO 898-211 FOR UPDATES



Buncombe Ready Resources:

Industry Town Halls Business Resource Links

Guidance and Updated Information	
https://www.buncombecounty.org/covid-19/default.aspx	Buncombe County COVID-19 Site
https://www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/social-distancing.html	Social Distancing Information
https://www.cdc.gov/coronavirus/2019-ncov/symptoms-testing/symptoms.html	COVID-19 Symptom List
https://www.cdc.gov/coronavirus/2019-ncov/community/guidance-business-response.html	Business Response Guidance
https://ncrla.help/wp-content/uploads/2020/04/NRA-REOPEN_GUIDANCE_CoBranded_NC.pdf	Restaurant and Lodging Guidance
https://www.fda.gov/food/food-safety-during-emergencies/best-practices-retail-food-stores-restaurants-and-food-pick-updelivery-services-during-covid-19	FDA Guidance for Pick-Up & Delivery



Buncombe Ready Resources:

Industry Town Halls Business Resource Links

Supplies - General	
https://supplyconnector.org/	Website for Connecting Individuals to Supplies
Supplies – Hand Sanitizer	
https://www.hhdistillery.com/	
https://www.oakandgrist.com/	
www.cultivated-cocktails.com	
Dalton Distillery	
https://www.howlingmoonshine.com/	
Supplies – Face Coverings and gloves	
https://www.pitstoptrimshop.com/	
https://www.mtnmerch.com/contact-us/	
https://shopping.medexpressgloves.com/	
Cleaning	
https://www.cdc.gov/coronavirus/2019-ncov/community/disinfecting-building-facility.html	CDC Disinfection Guidelines
https://www.epa.gov/pesticide-registration/list-n-disinfectants-use-against-sars-cov-2	EPA Approved Disinfectants





GOAL:

Serve 1,000 residents and 100 businesses
Equates to fundraising target of \$1.375M

FUNDS RAISED TO-DATE:

\$1.281M from 989 donors

IMPACT TO-DATE:

673 individual grants - averaging \$425
68% of grants covered housing expenses
Recipients in 18 local zip codes
47 total business loans - averaging \$9,500
34 loans to women/minority owned business
388 jobs retained
100% small business recipients (<30 emp)
50% small businesses recipients (<5 emp)



One BUNCOMBE



A COMMUNITY WITH COMPASSION, DONATE TODAY!
ONEBUNCOMBE.ORG

GIVE TODAY:
www.onebuncombe.org



Q&A

Resources for Business:

www.AshevilleChamber.org/Coronavirus

Tim Love
Buncombe County
timothy.love@buncombecounty.org

Clark Duncan
Asheville Area Chamber & Economic Development Coalition
cduncan@ashevillechamber.org



COVID-19 Employment Law Update

Platinum Group
May 8, 2020

SABRINA PRESNELL ROCKOFF

SRCKOFF@MWBLAWYERS.COM

MURPHY HORNE FLETCHER

MFLETCHER@MWBLAWYERS.COM

(828) 254-8800



McGUIRE WOOD & BISSETTE
LAW FIRM

WHAT IF...An Employee Doesn't Want to Return Because of Unemployment \$\$?

- Do you have a PPP?
 - Written offer letter – Give a deadline with consequences
 - Same pay and hours
 - Document refusal
 - Will not count against you in forgiveness ratio
- Eligibility for unemployment should end
- You can report unemployment fraud
- You can make clear to the employee that no job will be waiting when unemployment ends



WHAT IF...Employees Are “Afraid” To Come Back?

- You need more information about the “fear”
 - If it is related to an underlying health condition of the employee, then may be looking at an accommodation situation
 - New EEOC Guidance on accommodation of high-risk individuals
 - Traditional FMLA leave
- If not related to health condition, then have a list of measures you are taking you can share with the employee
- Make sure you are following all guidelines regarding safety
- If employee still refuses to return...



WHAT IF...I Only Want to Bring Back My Best People?

- Failure to rehire can be an adverse employment decision
- Do you have objective criteria that demonstrate how you made the decision?
- Criteria can be different for different departments or positions
 - Seniority
 - Job Title
 - Skill Set
 - Performance reviews
 - Attendance records

WHAT IF...I Already Know that an Employee Is High Risk?

- You cannot make rehire decisions based on your concerns that an employee is high risk
- You should consider accommodation options if the employee is high risk due to disability
- Otherwise, use your objective criteria to determine if the employee would be offered a position under those criteria
- Cannot base decision on eligibility for leave...



WHAT IF...I Am Offering Full Pay Under PPP But I Know That's Not Sustainable

- You can hire employee back at full pay under PPP
- If you determine you cannot sustain the pay, you go back to the advice about reducing wages
 - 24 hours' written notice
- For exempt employees, consider they are paid for the work they do, not the time they do it and remember the threshold



Questions?

Sabrina Presnell Rockoff

Murphy Horne Fletcher

McGuire, Wood & Bisette, P.A.

srockoff@mwblawyers.com

mfletcher@mwblawyers.com

(828) 254-8800

Disclaimer: This presentation is intended and made available to provide information of general interest to the public, and for educational purposes only, and is not intended to offer legal advice about specific situations or problems. No representation is made about the accuracy of the information provided herein.



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CARES ACT REVIEW

PAYCHECK PROTECTION PROGRAM (PPP) – NEW GUIDANCE

FAQ 39-Question: Will SBA review individual PPP loan files?

Answer: Yes. In FAQ #31, SBA reminded all borrowers of an important certification required to obtain a PPP loan. To further ensure PPP loans are limited to eligible borrowers in need, the SBA has decided, in consultation with the Department of the Treasury, that it will review all loans in excess of \$2 million, in addition to other loans as appropriate, following the lender's submission of the borrower's loan forgiveness application. Additional guidance implementing this procedure will be forthcoming. The outcome of SBA's review of loan files will not affect SBA's guarantee of any loan for which the lender complied with the lender obligations set forth in paragraphs III.3.b(i)-(iii) of the Paycheck Protection Program Rule (April 2, 2020) and further explained in FAQ #1.

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CARES ACT REVIEW

PAYCHECK PROTECTION PROGRAM (PPP) – NEW GUIDANCE

FAQ 40-Question: Will a borrower's PPP loan forgiveness amount (pursuant to section 1106 of the CARES Act and SBA's implementing rules and guidance) be reduced if the borrower laid off an employee, offered to rehire the same employee, but the employee declined the offer?

Answer: No. SBA and Treasury intend to issue an interim final rule excluding laid-off employees whom the borrower offered to rehire (for the same salary/wages and same number of hours) from the CARES Act's loan forgiveness reduction calculation. The interim final rule will specify that, to qualify for this exception, the borrower must have made a good faith, written offer of rehire, and the employee's rejection of that offer must be documented by the borrower. Employees and employers should be aware that employees who reject offers of re-employment may forfeit eligibility for continued unemployment compensation.

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CARES ACT REVIEW

PAYCHECK PROTECTION PROGRAM (PPP) – NEW GUIDANCE

FAQ 43 Question: FAQ #31 reminded borrowers to review carefully the required certification on the Borrower Application Form that “[c]urrent economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.” SBA guidance and regulations provide that any borrower who applied for a PPP loan prior to April 24, 2020 and repays the loan in full by May 7, 2020 will be deemed by SBA to have made the required certification in good faith. Is it possible for a borrower to obtain an extension of the May 7, 2020 repayment date?

Answer: SBA is extending the repayment date for this safe harbor to **May 14, 2020**. Borrowers do not need to apply for this extension. This extension will be promptly implemented through a revision to the SBA’s interim final rule providing the safe harbor. SBA intends to provide additional guidance on how it will review the certification prior to May 14, 2020.

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CARES ACT REVIEW

PAYCHECK PROTECTION PROGRAM (PPP) – NEW GUIDANCE

FAQ 31 Question: Do businesses owned by large companies with adequate sources of liquidity to support the business's ongoing operations qualify for a PPP loan?

Answer: In addition to reviewing applicable affiliation rules to determine eligibility, all borrowers must assess their economic need for a PPP loan under the standard established by the CARES Act and the PPP regulations at the time of the loan application. Although the CARES Act suspends the ordinary requirement that borrowers must be unable to obtain credit elsewhere (as defined in section 3(h) of the Small Business Act), borrowers still must certify in good faith that their PPP loan request is necessary. Specifically, before submitting a PPP application, all borrowers should review carefully the required certification that “[c]urrent economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.”

Platinum Group

CARES ACT REVIEW

PAYCHECK PROTECTION PROGRAM (PPP) – NEW GUIDANCE

FAQ 31 Question (Continued): Do businesses owned by large companies with adequate sources of liquidity to support the business's ongoing operations qualify for a PPP loan?

Answer (Continued): Borrowers must make this certification in good faith, taking into account their current business activity and their ability to access other sources of liquidity sufficient to support their ongoing operations in a manner that is not significantly detrimental to the business. For example, it is unlikely that a public company with substantial market value and access to capital markets will be able to make the required certification in good faith, and such a company should be prepared to demonstrate to SBA, upon request, the basis for its certification.

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CARES ACT REVIEW

PAYCHECK PROTECTION PROGRAM (PPP) – NEW GUIDANCE

FAQ 45 Question: Is an employer that repays its PPP loan by the safe harbor deadline (May 14, 2020) eligible for the Employee Retention Credit?

Answer: Yes. An employer that applied for a PPP loan, received payment, and repays the loan by the safe harbor deadline (May 14, 2020) will be treated as though the employer had not received a covered loan under the PPP for purposes of the Employee Retention Credit.

Therefore, the employer will be eligible for the credit if the employer is otherwise an eligible employer for purposes of the credit.

- **The IRS released the following fact sheet on May 7, 2020, related to the Employee Retention Tax Credit**
 - <https://www.irs.gov/newsroom/new-employee-retention-credit-helps-employers-keep-employees-on-payroll>

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CARES ACT REVIEW

PAYCHECK PROTECTION PROGRAM (PPP) – NEW GUIDANCE

Question: Are employers allowed to take expenses related to funds used if forgiveness is granted?

Answer: No, According to [Notice 2020-32](#), businesses that qualify for PPP loan forgiveness, will not be able to deduct certain business expenses, including wages, paid for by the loan, and the income associated with the forgiveness is excluded from gross income.

- "The money coming in the PPP is not taxable. So, if the money that is coming is not taxable, you cannot double dip," Mnuchin said in a televised interview. "You cannot say that you are going to get deductions for workers that you did not pay for."
- However, a bipartisan group of Senators introduced a bill this week that would make this change. The AICPA is also challenging this ruling. We shall see!

Platinum Group

CARES ACT REVIEW

PAYCHECK PROTECTION PROGRAM (PPP) – NEW GUIDANCE

- **The IRS released the following fact sheet on May 7, 2020, related to the Employee Retention Tax Credit**
 - <https://www.irs.gov/newsroom/new-employee-retention-credit-helps-employers-keep-employees-on-payroll>
- **The FAQ for the Paycheck Protection Program**
 - <https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Frequently-Asked-Questions.pdf>
- **Specifically, this notice clarifies that no deduction is allowed under the Internal Revenue Code (Code) for an expense that is otherwise deductible if the payment of the expense results in forgiveness of a covered loan.**
 - <https://www.irs.gov/pub/irs-drop/n-20-32.pdf>

Platinum Group

CARES ACT REVIEW

PAYCHECK PROTECTION PROGRAM (PPP) LOAN FORGIVENESS

AICPA RECOMMENDATIONS TO SBA/TREASURY – (NOT GUIDANCE)

- **Recommendation 1: Align beginning of 8-week covered period with beginning of a pay period, rather than the date loan proceeds are received.**

We recommend beginning the calculation of the 8-week covered period as the date of either the beginning of the payroll period during which funding was received, or the beginning of the next payroll period, at the borrower's discretion.

For example, if funding is received on April 10 and the borrower's normal pay cycle is semi-monthly, the borrower could elect to start the 8-week covered period on April 1 or April 16. Using this approach, rather than beginning the covered period when funding is received, will provide borrowers more opportunity to use the PPP funds for their primary purpose – keeping employees on the payroll. Additionally, using an approach that aligns to the borrower's operations will result in a more efficient, consistent approach.

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CARES ACT REVIEW

PAYCHECK PROTECTION PROGRAM (PPP) LOAN FORGIVENESS

AICPA RECOMMENDATIONS TO SBA/TREASURY – (NOT GUIDANCE)

- **Recommendation 2: Begin the 8-week covered period when operating restrictions are lifted, rather than the date loan proceeds are received.**
 - If a borrower receives PPP funding while its operations are shut down due to shelter-in-place orders or essential business restrictions, etc., we recommend the start of the 8-week covered period be based on when the restrictions are lifted and the borrower is allowed to operate - using either the beginning of the payroll period during which operating restrictions were lifted, or the beginning of the next payroll period, at the borrower's discretion. This allows funding to be used to quickly get the borrower back up and running, rather than limiting the use of the funds to a time period when they are not permitted to operate.

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CARES ACT REVIEW

PAYCHECK PROTECTION PROGRAM (PPP) LOAN FORGIVENESS

AICPA RECOMMENDATIONS TO SBA/TREASURY – (NOT GUIDANCE)

- **Recommendation 3: Defining Full-time Equivalents.**
 - Because the CARES Act does not define how to calculate a full-time equivalent (FTE), we recommend following the definition under the Affordable Care Act (ACA) of 30 hours.
 - Also because hours are not always collected for certain types of employees (e.g. salaried workers or those paid by piecework), we recommend using a wage-based proxy for determining FTEs.

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CARES ACT REVIEW

PAYCHECK PROTECTION PROGRAM (PPP) LOAN FORGIVENESS

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- **Recommendation 4: Payroll reduction calculation should be done based on the average payroll per employee per week rather than the total compensation per employee in an 8-week period versus the prior quarter.**
 - The CARES Act includes a provision for a reduction in loan forgiveness for any employee whose compensation decreased by more than 25% from the 12-week quarter and the 8-week covered period. However, 8 weeks will naturally have 33% less payroll due to the fewer number of weeks in the time period.
 - Additionally, individuals who were employed during the most recent full quarter may be unable or unwilling to return to work.
 - We strongly recommend using an average payroll per employee per week comparison as that approach is in line with the intent of the CARES Act and provides a clear indication if an employee's wages have been decreased.

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CARES ACT REVIEW

PAYCHECK PROTECTION PROGRAM (PPP) LOAN FORGIVENESS

AICPA RECOMMENDATIONS TO SBA/TREASURY – (NOT GUIDANCE)

- **AICPA Recommendations - PPP Application and Forgiveness Processes**
 - <https://www.aicpa.org/content/dam/aicpa/press/pressreleases/2020/aicpa-ppp-recommendations-letter>.

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CARES ACT REVIEW

INDEPENDENT RESTAURANTS & MUSIC VENUES

Independent Restaurant Coalition:

- We're asking Congress to establish the Independent Restaurant Stabilization Fund of at least \$120 billion. Take Action Now <https://www.saverestaurants.com/take-action/>

National Independent Venue Association:

- These entertainment hubs are critical to their local economies and tax bases as employers, tourism destinations, and revenue generators for neighboring businesses such as restaurants, hotels, and retail. Independent venues exist in every state across the country; they were the first to be closed, they will be the last to open. The economic recovery process will extend past just reopening the front doors, requiring solutions unique to the industry. <https://www.nivassoc.org/take-action>

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Webinar-May 8, 2020

COVID-19 WEBINAR 07

Re-opening After COVID-19 | Law & Loan Updates | Loan Forgiveness Provisions
5.8.20



The SBTDC is a business and technology extension program of the UNC System and is funded in part through a Cooperative Agreement with the U.S. Small Business Administration.



MICHAEL MURPHY
Platinum Group



SANDRA DENNISON
SBTDC



SABRINA PRESNELL ROCKOFF
McGuire Wood & Bisette



MURPHY HORNE FLETCHER
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CLARK DUNCAN
*Asheville Area Chamber
of Commerce*



TIMOTHY LOVE
Buncombe County

WEBINAR 07

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**Thank you to all the
mom's out there.**

Happy Mothers Day!

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Thank you!

We will be conducting another webinar Next Friday, May 15st at 1:00.

Invitations to be sent next week

Recordings and presentation slides will be sent out this afternoon.

Information in the presentation is based on information available on May 7, 2020 and is subject to change.

COVID-19 WEBINAR 06