

Legislative Update

What We Know Now

April 24, 2020

PPP Loans

- Eligibility - 500 or fewer employees (500 or fewer employees per location if you are in hospitality or accommodation industries)
 - January 1, 2019 through December 31, 2019
 - 12-month period before the date of the application
 - 12 completed calendar months before the date of the application
 - If the applicant has not been operational for 12 months, then the period over which the applicant has been operational
 - If the applicant was not in business from February 15, 2019 to June 30, 2019, the period from January 1, 2020 through February 29, 2020
 - If the applicant is a seasonal employer, the period beginning on February 15, 2019, or March 1, 2019, through June 30, 2019



PPP Loans

- Maximum Loan Amount - The lesser of:
 - 2.5 x The average total monthly “payroll costs” during applicable period, plus the outstanding amount of an existing EIDL loan made after January 31, 2020.
 - \$10 million



PPP Loans

- What are included in “payroll costs”?
 - Salary, hourly wages, and commission
 - Cash tips
 - Payment for vacation time, parental, family, medical, or sick leave
 - Allowance for severance
 - Group health care benefits including insurance premiums
 - Retirement benefits
 - State and local tax payments



PPP Loans

- What is excluded from “payroll costs”?
 - Compensation above \$100,000/year prorated for the 8 week period
 - Federal employment taxes including Social Security, Medicare, FICA
 - Pay for anyone who lives outside of the U.S
 - Emergency Paid Sick Leave and Expanded FMLA credits covered by the FFCRA
 - Payments to independent contractors



PPP Loans

- Eligible uses of PPP loans to qualify for forgiveness

- Payroll costs
- Mortgage Interest
- Rent*
- Utilities



During the 8 week period starting when PPP loans hit your bank account



PPP Loans

- Loan forgiveness
 - Primary threshold to qualify for forgiveness:
 - 75% of your loan must be used for payroll costs



PPP Loans

- Workforce Requirement: You must maintain the number of employees on your payroll.

First, determine the average number of full-time equivalent employees you had for:

- The 8-week period following your initial loan disbursement, (**A**)
- February 15, 2019 to June 30, 2019, (**B1**)
- and January 1, 2020 to February 29, 2020. (**B2**)

Take **A** and divide that by **B1**. Do the same with **B2**. Take the largest number you obtain. If you're a seasonal employer, you must divide by **B1**.

- If you get a number equal to or larger than 1, you successfully maintained your headcount and meet this requirement.
- If you get a number smaller than 1, you did not maintain your headcount and your forgivable expenses will be reduced proportionately.



PPP Loans

- How to calculate FTEs
 - Any employee who works more than 30 hours/week = 1 Full Time Employee
 - Add up all part-time hours in a week $\div 30 = \#$ of Full Time Equivalents
 - Example:
 - Employer has 3 employees receiving salary based on 40 hours/week, 4 employees who work 35 hours/week, and 9 part-time employees who work a combined total of 127 hours/week.
 - $127 \div 30 = 4.23$ FTE
 - $4.23 + 3 + 4 = 11.23$ FTE



PPP Loans

- Pay Requirements: You cannot reduce wages or salary more than 25% during the 8 week forgiveness period.

This requirement will be individually assessed for every employee that did not receive more than \$100,000 in annualized pay in 2019.

If the employee's pay over the 8 weeks is less than 75% of the pay they received during the most recent quarter in which they were employed, the eligible amount for forgiveness will be reduced by the difference between their current pay and 75% of the original pay.



PPP Loans

- Grace Period
 - For any employees that were laid off or furloughed between February 15, 2020 and April 26, 2020, you have until June 30, 2020 to rehire to meet the FTE workforce requirements for forgiveness.
 - Similarly, you have until June 30, 2020 to reinstate any pay that was reduced more than 25% to meet forgiveness requirements.



FFCRA DOL FAQ Updates

Stay-at-home Order and FFCRA paid leave

Are stay-at-home and shelter-in-place orders the same as quarantine or isolation orders? If so, when can I take leave under the FFCRA for reasons relating to one of those orders?

Yes, as explained in [Question 60](#), for purposes of the FFCRA, a Federal, State, or local quarantine or isolation order includes shelter-in-place or stay-at-home orders, issued by any Federal, State, or local government authority. However, in order for such an order to qualify you for leave, being subject to the order must be the reason you are unable to perform work (or telework) that your employer has for you. You may not take paid leave due to such an order if your employer does not have work for you to perform as a result of the order or for other reasons.



FFCRA DOL FAQ Updates

Documentation for FFCRA paid leave

What records do I need to keep when my employee takes paid sick leave or expanded family and medical leave?

Regardless of whether you grant or deny a request for paid sick leave or expanded family and medical leave, you must document the following:

- The name of your employee requesting leave;
- The date(s) for which leave is requested;
- The reason for leave; and
- A statement from the employee that he or she is unable to work because of the reason.

If your employee requests leave because he or she is subject to a quarantine or isolation order or to care for an individual subject to such an order, you should additionally document the name of the government entity that issued the order. If your employee requests leave to self-quarantine based on the advice of a health care provider or to care for an individual who is self-quarantining based on such advice, you should additionally document the name of the health care provider who gave advice.



FFCRA DOL FAQ Updates

EFMLA documentation

If your employee requests leave to care for his or her child whose school or place of care is closed, or child care provider is unavailable, you must also document:

- The name of the child being cared for;
- The name of the school, place of care, or child care provider that has closed or become unavailable; and
- A statement from the employee that no other suitable person is available to care for the child.

Private sector employers that provide paid sick leave and expanded family and medical leave required by the FFCRA are eligible for reimbursement of the costs of that leave through refundable tax credits. If you intend to claim a tax credit under the FFCRA for your payment of the sick leave or expanded family and medical leave wages, you should retain appropriate documentation in your records. You should consult Internal Revenue Service (IRS) applicable forms, instructions, and information for the procedures that must be followed to claim a tax credit, including any needed substantiation to be retained to support the credit. You are not required to provide leave if materials sufficient to support the applicable tax credit have not been provided.



We are answering your questions live on the air right now.

Please submit questions through the **Q&A function**,
not the chat option at the bottom of your screen.



Questions?

Please email:

questions@dominionpayroll.com

For resources, updates, webinar schedule, and FAQ's, please visit our

[COVID-19 Updates & Resources page](#)



As requirements change and laws are passed, we will update you as soon as possible.

Don't forget to wash your hands!

