QUESTCO

COVID-19 FEDERAL RESPONSE
OVERVIEW

APRIL 8, 2020

Future legislation changes could impact this information.
Please continue to monitor updates from Questco.

Our Goal: Client Employee Retention

We want to help our clients to retain their valuable employees by taking advantage of financial relief programs offered under various stimulus bills. These programs enacted by our Federal Government are designed to enable employers to continue paying wages during this time when their business operations have been severely impacted by the pandemic.

What Federal Help is Available to the Client?

1. **Paid leave**, funded by the federal government, is available to employees through the FFCRA. This paid leave allows impacted employees paid time away from work when affected by Covid-19.

2. **Paycheck Protection Program (PPP)** loans, available through the SBA, provide access to funds to cover primarily payroll costs (including wages, benefits, state and local taxes) and certain operating expenses for an 8-week period through June 30, 2020. **This loan can be forgivable. We believe this program offers the greatest long-term benefit to the largest number of clients.**

3. **Employee Retention Credit:** Tax credit offered to employers whose operations were suspended or severely reduced that is equal to 50% of qualified wages between March 13-Dec 31, 2020.

4. **Social Security Tax Deferral** allows employers to defer the employer share of Social Security taxes due for the period Mar 27-Dec 31, 2020 until 2021/2022.

Worst Case Option: Reduction in hours, Layoff or Closure

5.
   - When business impact due to COVID-19 is severe, clients may need to reduce hours or layoff / terminate employees
   - Reduction in hours could make employees eligible for supplemental Federal Unemployment Benefits

Enabled through FFCRA (Families First Coronavirus Response Act)

Enabled through CARES Act (Coronavirus Aid, Relief, and Economic Security Act)

Program Comparison Chart

1 ePSL/eFMLA Leave

- Programs are federally funded
- Recoverable through Tax Credits: qualify for dollar-for-dollar reimbursement through tax credits for all qualifying wages paid under the FFCRA.
- Not available if business is shut down due to "shelter in place" order or other service disruption
- Certain essential service providers may be excluded

2 Paycheck Protection Program

- Loan covers payroll and associated costs for an 8-week period
- SBA will forgive loans if all employees are kept on the payroll and the money is used for payroll, rent, mortgage interest, or utilities.

We believe this program offers the greatest benefit to the greatest number of clients.

3 Employee Retention Credit

- Eligibility determined based on business impact
- Tax Credits of 50% of qualified wages, up to a max credit of $5k per employee
- Cannot take advantage of a PPP Loan and this credit.

4 Social Security Tax Deferral

- Deferred Social Security taxes are repaid:
  - 50% by 12/31/21
  - 50% by 12/31/22
- Not available if PPP loan is forgiven

5 Expanded Unemployment

- To supplement reduced hours…additional $600 per week in UE benefits
- Federally funded
- "Short-time compensation" program available when employers reduce employee hours instead of laying off workers
- Employee may be ineligible for supplemental payment depending on actual weekly earnings under reduced schedule
- Waives 7 day waiting period

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Updated 4/7/20 10am

How Questco Can Help Clients Navigate Through the COVID-19 Business Disruption

- **HR Consulting Services**
  - Ongoing advice and counsel on complex compliance matters
  - Discuss business modification plans and timelines to identify optimum "people" solutions
- **Payroll Reports**
  - Payroll cost information to apply for the PPP loan
- **Leave Administration**
  - Management of paid leave requests; documentation compliance
  - Unemployment claim reporting and tracking
- **Paid Leave Processing**
  - Calculation of wages earned
  - Employer tax credit calculation
- **Tax Reporting**
  - Apply tax credits due under various programs to allow prompt processing of client reimbursement from the government
- **Information Updates**
  - Timely updates on evolving COVID-19 programs
  - Interpretation of complex legislation / compliance requirements
  - Resources available: Website (COVID-19 Resource Center) / Client Webinars

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