







Cares Act

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Cares Act Key Points

1. Paycheck Protection Program (PPP)

2. Employee Retention Credit

3. Employer tax deferral

4. Unemployment Increase

PPP vs EIDL

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1. Economic Injury Disaster Loan (EIDL) -

a. Expedited SBA loan program up to 30 years, low interest, \$10k emergency within 3 days loan

b. <https://www.sba.gov/funding-programs/disaster-assistance>

c. Over \$25k requires collateral

2. Paycheck Protection Program (PPP)

a. <500 Employees

b. Requires good faith certification that the loan is necessary due to current economic conditions related to Covid-19

c. 250% of monthly average gross payroll (including health insurance premiums and retirement contributions)

d. Excludes employees over \$100k in calculation

e. Forgiven (grant) as long as you maintain same number of employees

f. Many fintech companies working with banks to get this ready

PPP - Who is eligible?

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→ A small business with fewer than 500 employees

→ A 501(c)(3) with fewer than 500 employees including churches, religious schools and other non-profits

→ An individual who operates as a sole proprietor

→ An individual who operates as an independent contractor

→ An individual who is self-employed who regularly carries on any trade or business • A Tribal business concern that meets the SBA size standard

→ A 501(c)(19) Veterans Organization that meets the SBA size standard

Who is eligible?

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In addition, some special rules may make you eligible:

- If you are in the accommodation and food services sector (NAICS 72), the 500-employee rule is applied on a per physical location basis
- If you are operating as a franchise or receive financial assistance from an approved Small Business Investment Company the normal affiliation rules do not apply

REMEMBER: The 500-employee threshold includes all employees: full-time, part-time, and any other status.

Loan Amount

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For Employers what's included:

- salary, wage, commission, or similar compensation;
- payment of cash tip or equivalent;
- payment for vacation, parental, family, medical, or sick leave
- allowance for dismissal or separation + payment required for the provisions of group health care benefits, including insurance premiums
- payment of any retirement benefit
- payment of state or local tax assessed on the compensation of the employee
- In rush to get this out some clarification needed. No answer yet on pastor housing allowance

For Sole Proprietors, Independent Contractors, and Self-Employed Individuals:
The sum of payments of any compensation to or income of a sole proprietor or independent contractor that is a wage, commission, income, net earnings from self-employment, or similar compensation and that is in an amount that is not more than \$100,000 in one year, as pro-rated for the covered period.

Exclusions

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EXCLUDED Payroll Cost:

- Compensation of an individual employee in excess of an annual salary of \$100,000, as prorated for the period February 15, to June 30, 2020 (include max of \$100k)
- Any compensation of an employee whose principal place of residence is outside of the United States
- Qualified sick leave wages for which a credit is allowed under section 7001 of the Families First Coronavirus Response Act (Public Law 116-5 127); or qualified family leave wages for which a credit is allowed under section 7003 of the Families First Coronavirus Response Act

Calculation

- It is Capped at \$10,000,000.
- Non-seasonal employers - The calculation is 2.5x's the employer's average monthly payroll costs in the one-year period before the date of the loan.
- For seasonal employers, the period is between February 15, 2019 (or March 1, 2019) and June 30, 2019.
- For employers not in business in 2019 calculate between January 1, 2020 - February 2020
- For employees paid more than \$100k, only the amount up to \$100k is included in the loan amount and the amount must be prorated for the period of the loan.
- If an employer already has an SBA loan which was obtained after January 31, 2020, this loan may be included in the loan amount and can be refinanced.

Forgiveness

Reduction based on reduction of number of employees

Payroll Cost

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Avg # FTEs for 8 weeks beginning on loan origination

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Option 1: Avg FTEs from 2/15/19-6/30/19

Option 2: Avg FTEs from 1/1/20-2/29/20

Seasonal Avg FTEs from 2/15/2019 - 6/30/2019

Reduction based on reduction in pay

Payroll Cost

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For any employee who did not earn during any pay period in 2019 wages at an annualized rate more than \$100,000, the amount of any reduction in wages that is greater than 25% compared to their most recent full quarter.

Forgiveness

- The payroll costs, mortgage interest payments, rent, and covered utilities paid by the borrower during the 8-week period beginning on the loan origination date are forgivable.
- For businesses who already have laid off employees or are planning to lay off employees or cut salaries, as long as the changes were made between February 15, 2020 and April 26, 2020, the reductions will not be applied if the business rehires the employees or increases the cut salaries by June 30, 2020.
- Amount of loan forgiven is excluded from taxable income

How to apply

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1. Your financial institution - reach out now and find out how prepared they are and what they require
2. SBA 7(a) lenders
<https://www.sba.gov/article/2020/mar/02/100-most-active-sba-7a-lenders>
3. Fintech companies such as Kabbage - sign up for alerts and speed through process
<https://www.kabbage.com/covid-relief/>

Employee Retention Credit

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Employee Retention Credit

1. Refundable payroll tax credit for employers subjected to closure due to Covid-19
 - a. Employer 6.2% tax
 - b. Up to \$10k per employee per quarter
 - c. Anything over and above the credit will be treated as an overpayment and refunded
2. Decline of more than 50% gross receipts
3. 50% of wages paid by employer to employees
 - a. >100 employees - qualifying wages are those paid to employees not working
 - b. <100 employees - qualifying wages are all employees

Payroll Tax Delay

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Delay of Payment of Employer Social Security Tax

1. Delay employer share (6.2%) of social security taxes from date act is signed until January 1, 2021
2. 50% due by December 31, 2021
3. 50% due by December 31, 2022
4. Not to be used in conjunction with loan forgiveness of PPP (maybe can be used if loan paid back and not forgiven)

Unemployment

Emergency Increase of Unemployment Benefits



1. Extends unemployment compensation to \$600 per week for up to 4 months
2. Let your employees know to help them get by until you can hire them back

iSolved Updates

1. Tax credits for paid leave 4/1 - 12/31
2. Earnings code name changes to:
 - a. Covid-19 Paid Sick
 - b. Covid-19 Paid FMLA
 - c. Covid-19 Qualified Health Plan Expenses
3. Functionality to calculate, track and automatically apply payroll tax credits should be in 4/10 release (apply for accelerated refund with IRS or delay credits until this release)



iSolved Updates

1. Employee retention credit tracking and deferred payroll tax being reviewed now
2. Reviewing potential to automate the PPP report needed
3. We will continue to work with each of you on iSolved setup



How Thread Helps

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1. All zero dollar payrolls needed due to layoffs will not be charged. We want to keep your account live and in compliance to help you get through this.

2. Continual information through our Covid-19 resource page <https://threadhm.com/coronavirus-covid-19-resources/>

3. Working on developing report to help with PPP application

4. HRO assistance - one hour consultation free of charge with our CHRO. Ask your account manager if you need access to this.

Q&A

KEEP
CALM
AND
LET'S WIN
TOGETHER!

I will get answers to all questions
in the original sign up and chat

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