



# Coastal COVID 19 Assistance

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# Agenda

- **Recap Updates from Consolidated Appropriations Act**
- **PPP Assistance Review program**
  - Coastal PPP Consulting
- **Employee Retention Credit Assistance**
  - Review program
  - Coastal ERC Consulting 2020
  - Coastal ERC Consulting 2021
- **FFCRA Assistance**
  - Review program
  - Coastal's FFCRA Survey

# PPP Loan Updates – Additional Eligible Expenses



- Covered Operations Expenditures:
  - Payment for any software, cloud computing, and other human resources/accounting needs.
- Covered Property Damage Costs
  - Costs related to property damage due to public disturbances that occurred in 2020 and are not covered by insurance.
- Covered Supplier Costs
  - Expenditures to a supplier pursuant to a contract, purchase order, or order for goods in effect prior to taking out the loan that are essential to the recipient's operations at the time at which the expenditure was made. Perishable goods can be made before or during the life of the loan
- Covered Worker Protection Expenditure
  - Personal protective equipment and adaptive investments to help a loan recipient comply with federal health and safety guidelines or equivalent.

# PPP Loan Updates – Streamlined Forgiveness for loans under \$150,000

- Applies to loans under \$150,000 (previously \$50,000)
- Borrower must submit certification to the lender:
  - No more than 1 page in length
  - Includes # of employees borrower was able to retain b/c of PPP
  - Est total amount of the loan spent on payroll costs
  - Total loan amount
- SBA to have form available within 24 days of enactment (3<sup>rd</sup> week Jan 2021)
- Applies to loans made before, on, or after the date of enactment, including the forgiveness of the loan.

# PPP Loan Updates: Covered Period Options

## 8 Weeks

First day of covered period must be the same as the PPP Loan disbursement date. **NEW:** Can be used by any borrower (previously only available to those who applied for a first draw loan before 6/5/2020).

**Extended through March 2021!**

### PROS:

- Loan may be forgiven faster
- Easier to be fully staffed for 8 weeks

## 24 Weeks

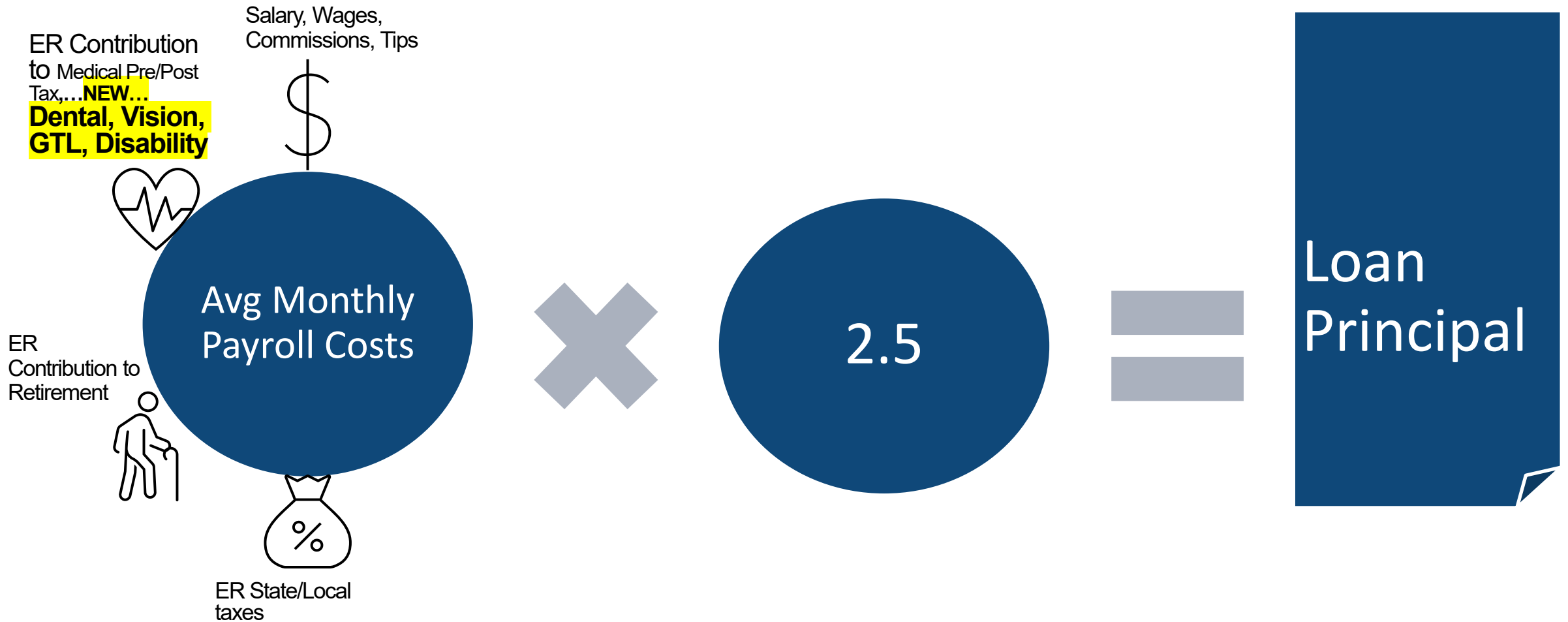
**NEW:** Available to all Borrowers. Previously, borrowers had to use this option if loan number assigned after 06/05/2020

**Extended through March 2021!**

### PROS:

- More of the loan can be spent on payroll costs
- More time to speak to advisors
- More time to establish pre-covid staffing levels

# PPP Loan Updates – Payroll Costs



# PPP Loan Updates – First Draw Loans

## What is it?

Available to businesses who originally did not receive a PPP loan.

## Who is Eligible?

- Employ not more than 500 employees
- Have not received a PPP loan; and
- Meet original PPP eligibility requirements

## When is it available?

- January 11<sup>th</sup> (starting with smaller lenders)
- Other lenders beginning week of January 18<sup>th</sup>

# PPP Loan Updates – Second Draw Loans

## What is it?

Creates a second loan from the PPP called “PPP second draw” loan for smaller and harder-hit businesses, with a maximum amount of \$2 million.

## Who is Eligible?

- Employ not more than 300 employees
- Have used or will use the full amount of their first PPP; and
- Demonstrate at least a 25% reduction in gross receipts in the first, second, or third quarter of 2020 relative to the same 2019 quarter.

## When is it available?

- January 11<sup>th</sup> (starting with smaller lenders)
- Other lenders beginning week of January 18th



# PPP Loan Updates – Second Draw Loans (cont.)

## Loan Terms:

2.5X the avg monthly payroll costs in the one year prior to the loan or the calendar year. No loan can be more than \$2mil.

- **New entities** may receive loans of up to 2.5X the sum of their average monthly payroll costs.
- Entities in industries assigned to **NAICS code 72** (Accommodations and Food Services) may receive loans of up to 3.5X average monthly payroll costs.
- Businesses with multiple locations that are eligible entities under the initial PPP requirements may employ not more than 300 employees per physical location.

## Loan Forgiveness:

Borrowers of a PPP second draw loan would be eligible for loan forgiveness equal to the sum of their payroll costs and covered non-payroll costs. The 60/40 cost allocation between payroll and nonpayroll costs in order to receive full forgiveness will continue to apply.

## Application of exemption based on employee:

Extends safe harbors and exceptions on restoring FTE and salaries.

# PPP Loans – Coastal Support

## How Can Coastal Help?

- Created PPP Survey; services included in PPP Survey:
  - Assist clients in streamlining their forgiveness application process (<\$150,000)
  - Assist clients in completing paperwork for forgiveness (>\$150,000)
  - Assist clients in applying for PPP Second Draw Loans
  - Assist clients in recording additional eligible expenses for PPP
- iSolved reporting for loan application and forgiveness application
  - Available to all Coastal Clients!
  - CARES Paycheck Protection Program
  - CARES PPP Loan Forgiveness Report
  - FTE by hours paid (supporting PPP report)

# FFCRA Emergency Earnings Extension

- The COVID Sick and Family Leave Programs have been extended through March 31, 2021.
- Doesn't supply additional leave; simply extends the program.
- Employers *may* continue to utilize these programs when applicable under the original rules of the program including wage and hour limits.
- Please note these limits will reset at beginning of 2021 and employees with hours and wages spread across both 2020 and 2021 will need to be reviewed by employers to verify limits are not exceeded. The manual review of wage and hour limits will still apply.

# FFCRA Earnings (EPSL/EFMLA) – Coastal Support

## How Can Coastal Help?

- March 2020: Created a COVID-19 Taskforce to assist with FFCRA questions and setup of EPSL and EFMLA
  - Use this survey link to send your FFCRA setup requests to Coastal: [COVID 19 - Setup FFCRA Earnings](#)
  - Once received our taskforce will review your request and work with you to get you setup in iSolved
  - Recording on how to manage EPSL/EFMLA in iSolved:

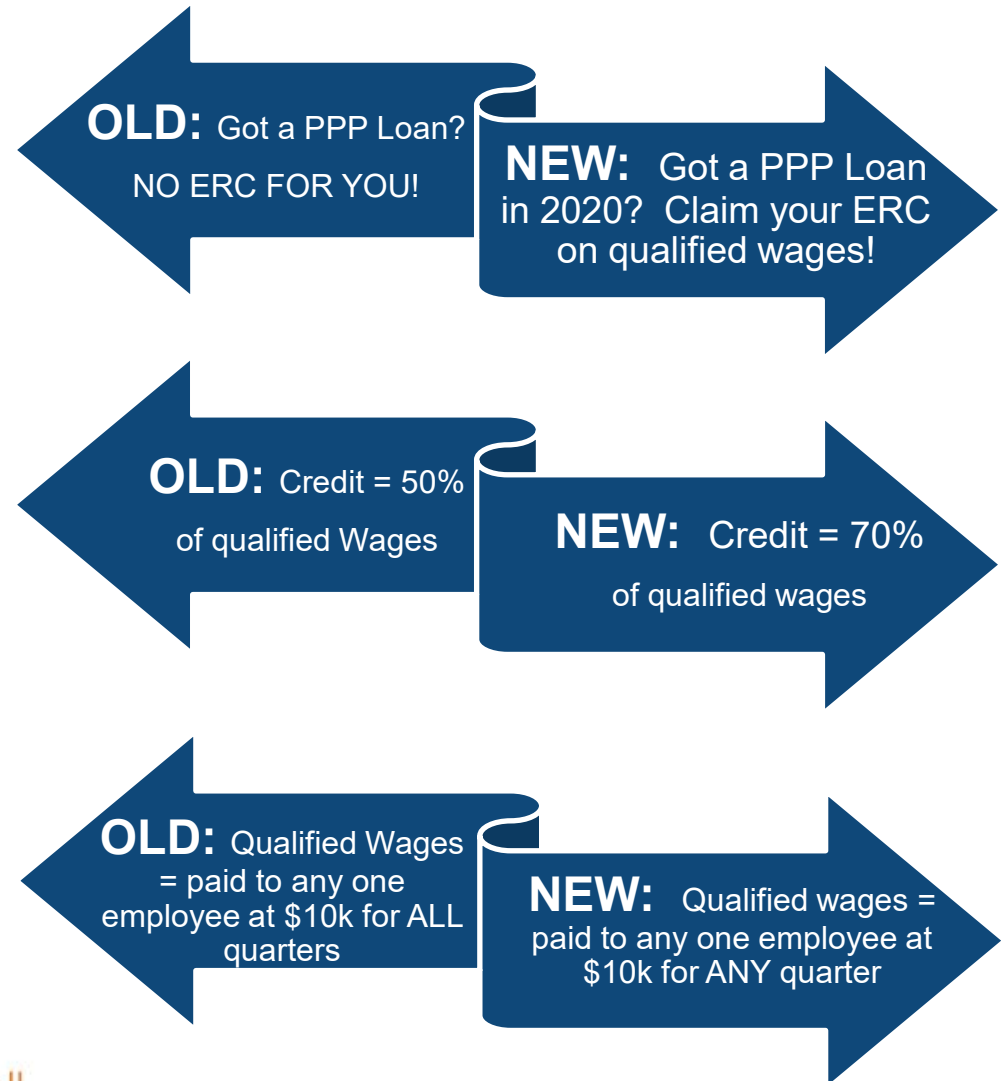
# Employee Retention Credit – IMPORTANT!

## What is it (in 2020)?

- Refundable payroll tax credit that was available to employers who:
  - 1. had their business fully or partially suspended during at least one quarter in 2020, or
  - 2. had a precipitous drop in gross receipts for quarters in 2020 relative to the same quarters in 2019.
- *NOTE: for 2021 there are new computation updates that apply when determining eligibility*
- In 2020: Once a business experienced a quarter in which either 1 or 2 above occurred, they could claim a maximum credit of \$5,000 per employee who was paid “qualified wages.”

## What’s New (retro to 2020)?

- PPP borrowers are now eligible for an ERC back to the beginning of the program – March 12, 2020 (rules apply to double dipping).
  - PPP is based on Payroll Costs
  - ERC is based on Employee Eligible Wages
- Allocable health care costs are eligible for the credit EVEN IF no wages are paid to the employee; i.e., an employee is on furlough.



# Employee Retention Credit – Updates

Let's take a deeper look at the update to what is considered "Qualifying Wages" for the ERC:

- OLD (2020): Qualified Wages = paid to any one employee at \$10k for **ALL** quarters
- NEW (2021): Qualified Wages = paid to any one employee at \$10k for **ANY** quarter.

2020



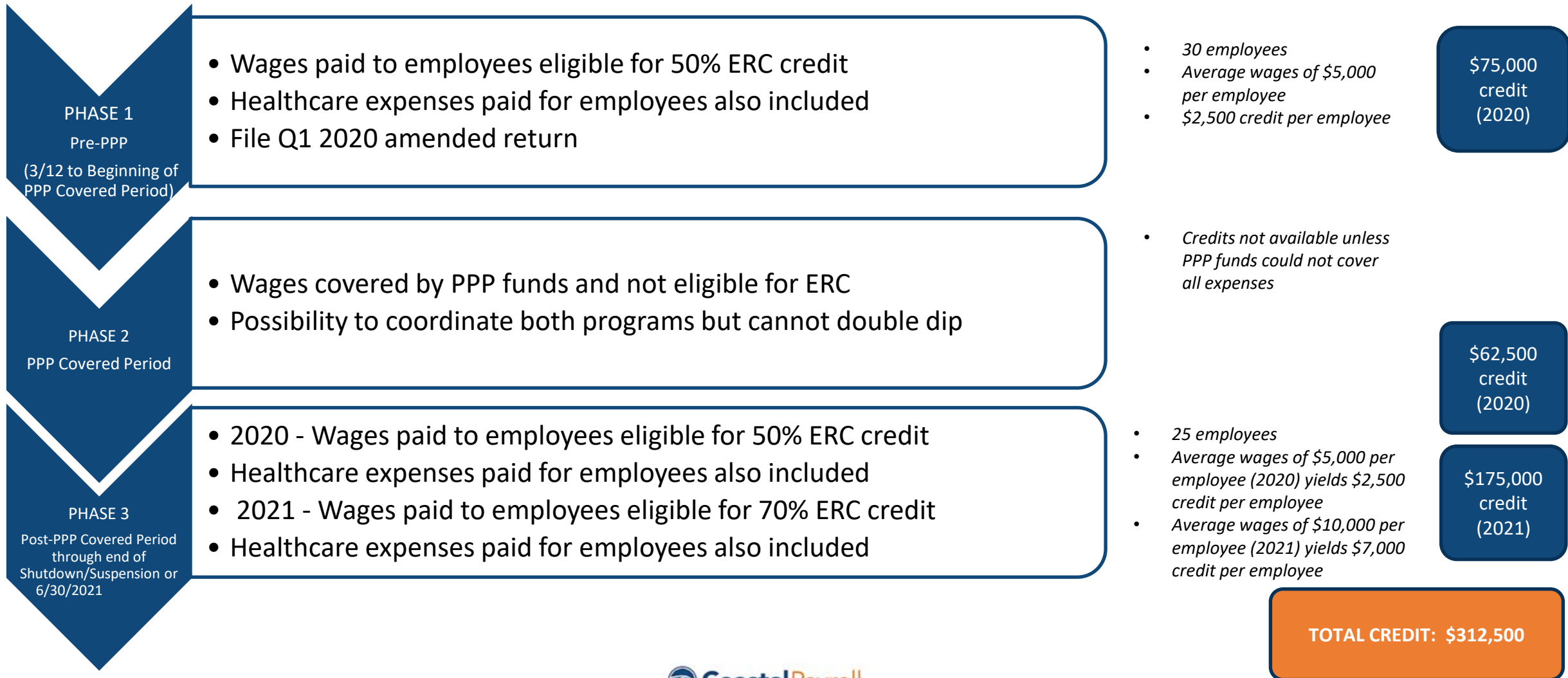
2021



# Employee Retention Credit – Updates

- OLD (2020): Credits limited for employers with over 100 FTE in 2019 (only receive credits for employees NOT working).
- NEW (2021): Credits limited for employer with over 500 FTE in 2019 (only receive credits for employees NOT working).
- For 2020
  - Any Employer experiencing Partial or Total Suspension/Shutdown of Operations due to Government Order with under 100 FTE in 2019 is fully eligible.
  - Most Restaurants/Retail businesses are now eligible.
  - Important to provide Coastal information in order to determine time periods for eligibility and estimated Tax Refunds/Credits.

# Employee Retention Credit – Example





# Employee Retention Credit – Coastal Support

## How Can Coastal Help?

- Created ERC Survey; services included in ERC Survey: [Coastal 2020 ERC Survey](#)
  - Assist with recapture of tax credits which previously were not available to borrowers:
    - Coastal will assist the client in determining eligibility using our ERC Survey
    - If eligible, Coastal will assist client in calculating their 2020 ERC credit
    - Once calculated, our tax team will process the necessary quarterly adjustments
    - Fee: assessed per quarter, dependent upon employer size
  - Assist with getting tax credits to fund operations in 2021
    - Coastal will assist the client in determining eligibility using ERC Survey
    - Coastal will assist the client in calculating their 2021 ERCs
    - Fee: assessed per quarter, dependent upon employer size
- iSolved reporting for ERC
  - Report available to all Coastal Clients that helps them calculate their 2020 ERCs
  - 2020 CARES Act Retention Credit <100 ees (and the same for > 100ees)

# CARES PPP Resources

- SBA
  - Forgiveness Applications
    - [Revised Application – full](#)
    - [Revised Application – EZ](#)
    - [Revised Application – Short](#)
  - [PPP First and Second Draw Applications](#)
    - [First Draw](#)
    - [Second Draw](#)
  - [New IFR \(Interim Final Rule made on 06/05/2020\)](#)
  - [FAQs for EIDL](#)
  - [PPP FAQs](#)
  - [SBA Guide on PPP Loan Forgiveness \(great resource!\)](#)
- US Dept of Treasury
  - [Fact Sheet](#)
  - [Guidance for Lenders](#)
- iSolved University
  - [FTE by Hours Paid](#)
  - [CARES PPP Forgiveness](#)

# Need more COVID-19 Resources?!

- <https://www.coastalpayroll.com/covid-19>
- Coastal Town Halls: [REGISTER HERE](#)

# Thank you!

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