



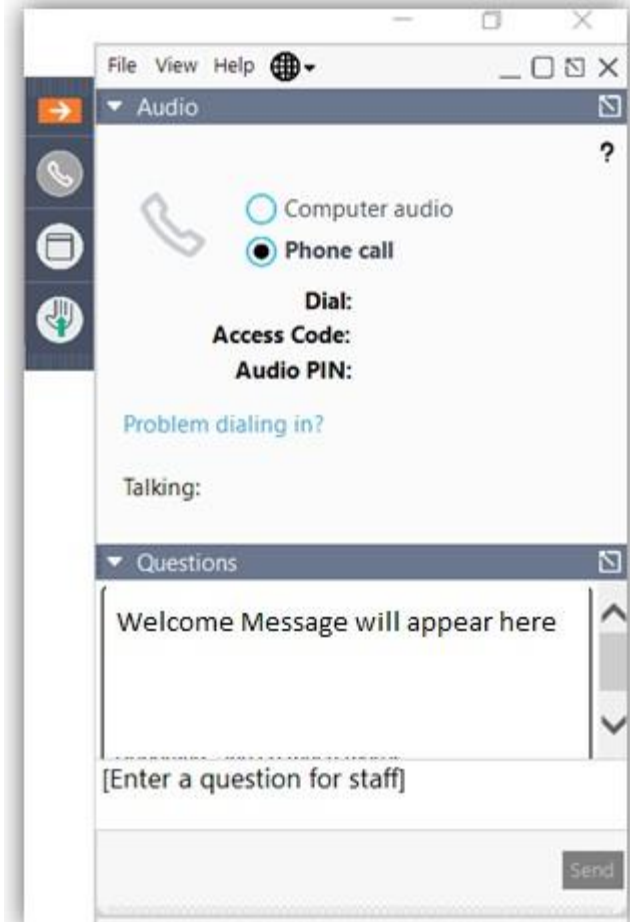
COVID-19 UPDATE

ARPA Legislation
4.21.2021

For Today's Session



- Webinar will be recorded
- All Attendees will be placed on mute
- Ask Questions!
- Survey will be sent after the webinar
- Handouts available



Our Presenters



Amy Miller

VP of Client Experience

Payroll Network



Kyle Wade

VP of HR Services

Payroll Network

Legal Disclaimer



The information presented today is provided for educational purposes and should not be considered legal advice.

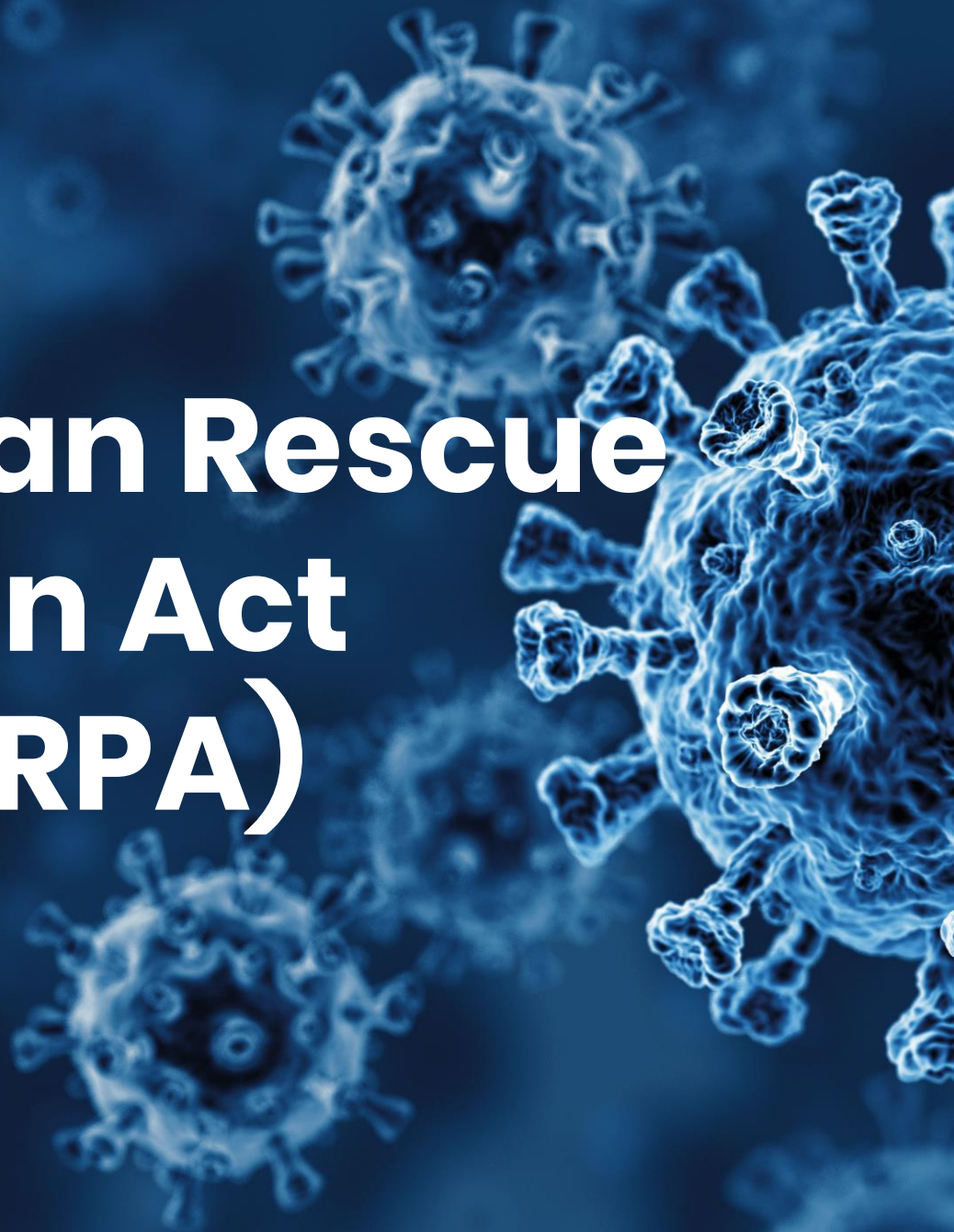
For Employee Retention Credits, it will be important for you to qualify you are eligible for the credits. Your CPA and Legal Advisors will be able to assist. Payroll Network cannot qualify that you are or are not eligible.

Agenda



- ARPA Sick Credits
- PPP Second Draw
- Employee Retention Credits
- Extended COBRA Coverage
- Vaccinations in the Workplace
- Unemployment Insurance
- Dependent Care FSA Increase
- Short time compensation

American Rescue Plan Act (ARPA)



Act Highlights

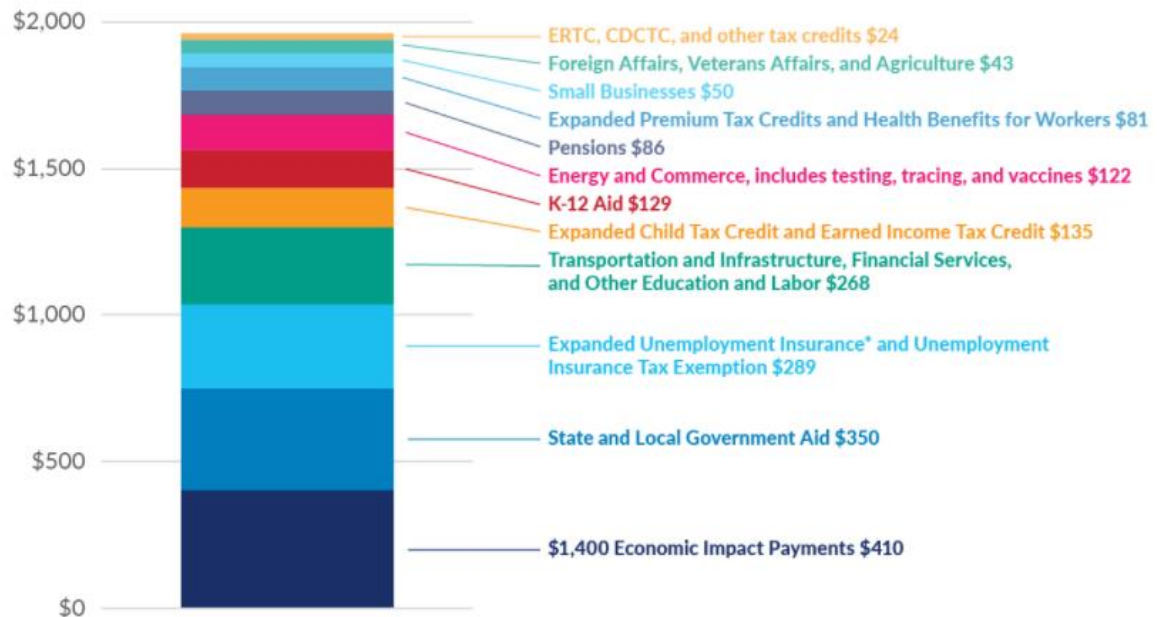


Highlights

- Stimulus Payment
- Tax Updates
 - Employee Retention Credit
 - Family and Sick Leave Credits
- Paycheck Protection program
- Unemployment Benefits
- COBRA Continuation Coverage

What's in the \$1.9 Trillion American Rescue Plan Act?

Topline summary of relief in Billions of Dollars



The background of the slide features a dark blue, textured surface with several glowing, translucent blue virus-like particles. These particles are spherical with numerous small, protruding spikes or receptors on their surfaces, giving them a complex, organic appearance. They are scattered across the frame, with some appearing more prominent and in focus than others, creating a sense of depth and movement.

COVID / ARPA Leave Tracking

FFCRA Sick Leave REFRESHER



2020 Details

- Employers (<500 employees) required to provide certain paid sick and family and medical leave related to COVID-19
- Max 80 hours (2 weeks) paid sick leave for the employee or to care for family
 - COVID EE SICK (Max of \$5110 / \$511 day)
 - COVID FAM SICK (Max of \$2000 / \$200 day)
- Max 10 weeks of childcare leave (for inability to work due to school/day care closures)
 - COVID EFMLA (Max of \$10,000 / \$200 day)
- FFCRA provides for refundable payroll tax credit intended to cover 100% of the cost of the FFCRA paid leave

FFCRA Extension into 2021



What's New?

- Voluntary offering but you should not offer leave in a discriminatory fashion or in a way that favors highly compensated employees or to employees based on tenure only.
- Extends the FFCRA Sick Leave to September 30, 2021

What has changed with the FFCRA Sick Limits?

The ARPA changes **reset** the limit for qualifying sick leave taken between April 1, 2021 and September 30, 2021 to the original amounts (80 hours). Therefore, if an employee exhausted their leave in 2020, the amounts restart for the employee after April 1st, 2021.

FFCRA Sick Leave in 2021



What's New?

- Three new covered reasons for leave:
 - Taking leave to get a COVID vaccine
 - Taking leave to recover from an injury or illness related to the vaccine
 - Taking leave to get a COVID-19 test or waiting for the test results if the employee has been exposed for COVID-19 OR the employer has requested the test
- ARPA removed the two-week unpaid waiting period for taking Emergency Family leave.
- The cap on the paid leave has increased from 10,000 to 12,000 (FMLA extension)

FFCRA Sick Leave in 2021



Important to know:

- FFCRA wages are qualified wages and are subject to employee taxes, benefits, and deductions
- An employer is allowed to offer benefits that exceed the FFCRA benefits, but the tax credit cannot exceed the maximums set forth by ARPA under this legislation.

FFCRA Extension into 2021



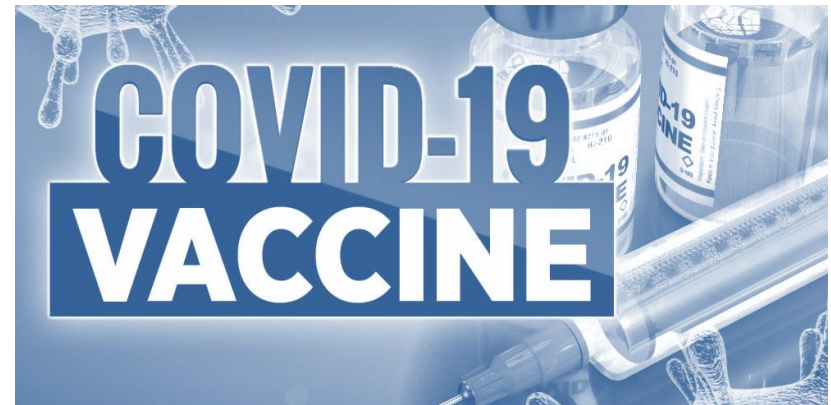
What action do I need to take?

Based on the below changes, if an employer is planning to offer FFCRA Sick Leave to employees after 4/1/2021, please reach out to our support team (support@payrollnetwork.com). We will assist you in creating new sick leave codes for the ARPA changes. These will need to be implemented to ensure you receive the appropriate tax credits.

COVID-19 Vaccine Considerations



- Can Employers make vaccinations mandatory?
 - Legal concerns
 - Practical
 - Workplace Safety



WHILE *MANDATES* HAVE GOTTEN LESS POPULAR, MORE ORGANIZATIONS INTEND TO RECOMMEND THEIR WORKERS GET VACCINATED

PREVIOUSLY
40%

ORGANIZATIONS THAT *WEREN'T* MANDATING VACCINATION WERE PLANNING TO RECOMMEND IT

NOW
74% 

OF ORGANIZATIONS SAY THEY WILL RECOMMEND THEIR WORKERS GET THE COVID-19 VACCINE

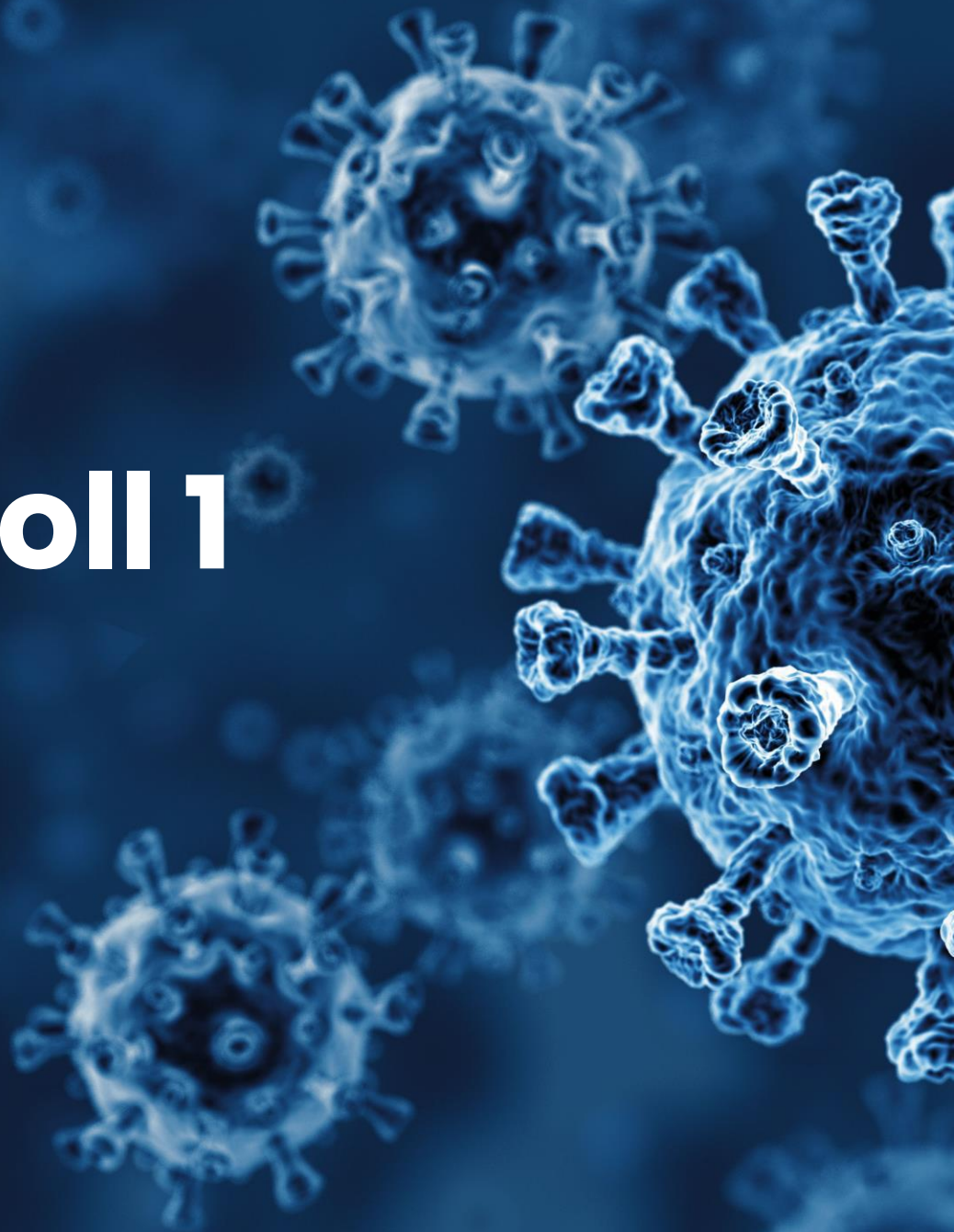
COVID-19 Vaccine Considerations



- What type of health screening can employers require for their employees?
- How do you balance local, state, and federal guidelines?



Poll 1



COVID-19 Vaccine Considerations



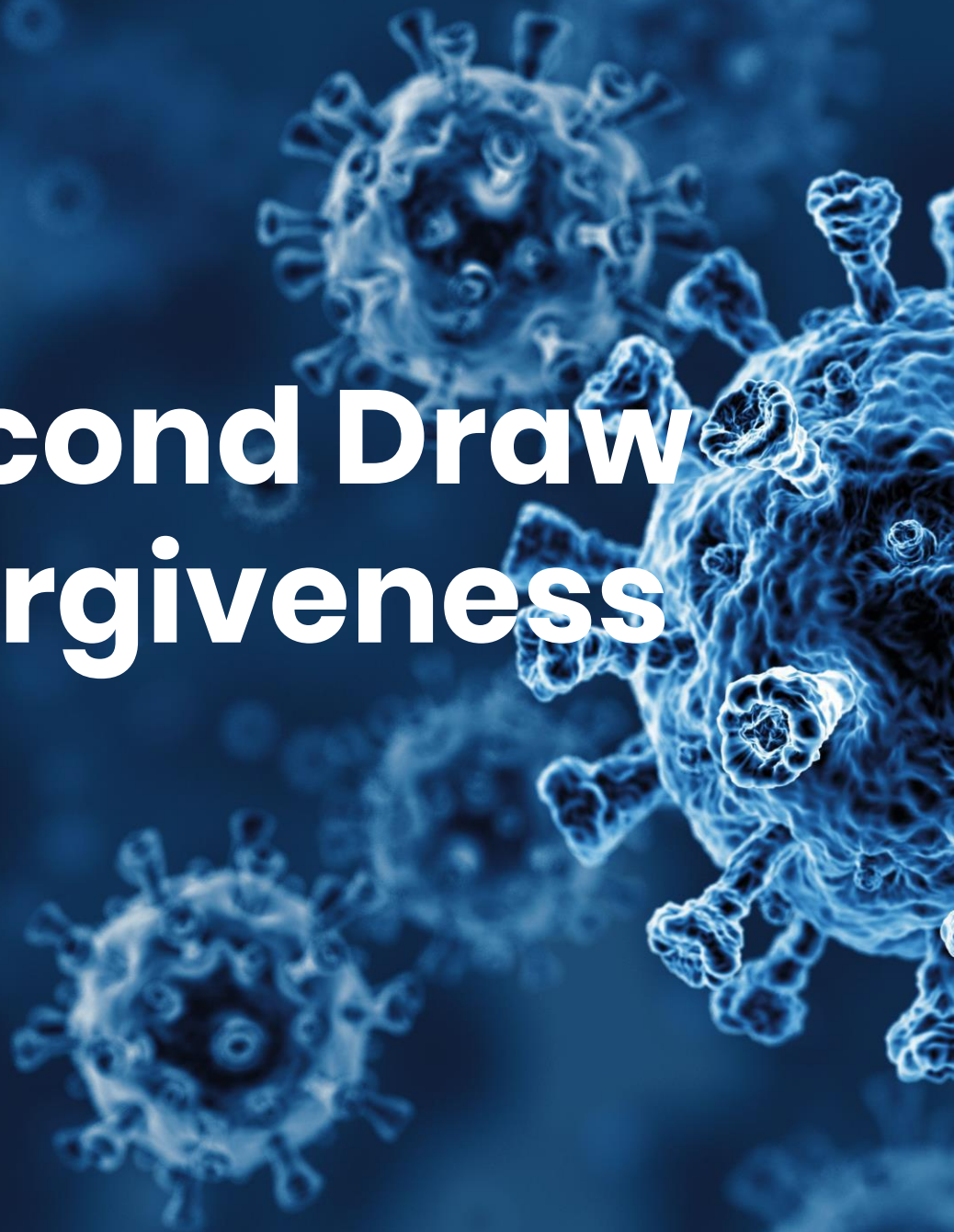
What are companies doing to motivate employees?

- Educating employees about the vaccine
- Providing paid leave for vaccinations/recovery
- Recognition for employees who are vaccinated
- Provide small incentive- bonus/gift card, etc.



Consider appointing 'Vaccination Ambassadors' or holding virtual town halls where leadership, local medical experts, and staff share vaccine experiences and host Q & A.

PPP Second Draw and Forgiveness



PPP Extension Act



- The PPP Extension Act of 2021 (HR 1799) signed by the President on March 30, 2021, gives businesses another **60 days, to May 31, 2021**, to apply for a PPP loan.
- The Act authorizes SBA to process timely applications through June 30, 2021. Based on available funding, the current lending rate, and pending applications, the SBA projects that funding may only last until mid-April.

PPP Second Round Refresher



- The relief bill includes \$285 billion in additional funds
- First-time borrowers as well as those who received PPP loans in the first rounds are both eligible
- Once again, the loans will be on a “first-come, first-served” basis
- The types of expenses eligible for loan forgiveness have been expanded
 - Operation expenditures for any business software or cloud computing service that facilitates a variety of business operations
 - Group insurance expenditures made on group life, disability, vision and dental insurance
 - Covered worker expenditures – maintenance or renovation of drive-through windows, air filtration systems, and physical barriers (sneeze guards)
- Borrowers are required to spend at least 60% of their PPP loan proceeds on eligible payroll costs
 - No more than 300 employees, and
 - Suffered a 25% or more reduction in gross revenues in any quarter in 2020 compared to 2019

PPP Round 2 – “Second Draw”



**CARES Paycheck Protection
Program Report**

**CARES PPP Loan Forgiveness
Report**

Paycheck Protection Report



Client Reports

Report Category: All

Search:

Output Name	Report Type
CARES Paycheck Protection Program Report	Date Range

[Generate Report](#) [Go To My Reports Queue](#)

Once your report request has been submitted you can do any of the following: Run another report, go to My report will be available in My Reports Queue for 72 hours.

CARES Paycheck Protection Program Report

Custom accumulators can be used in place of default values. Code CPPP_GRS replaces the default Total Gross Wages-all paid earnings which are not 1099 or 3rd party sick. Code CPPP_HRS replaces the default Hours Paid-all hours paid which are not 1099. Code CPPP_BEN replaces the default Employer Health Costs-all Medical Pre and Post-tax memos. Code CPPP_RET replaces the default Retirement Costs-all memos with a benefit type using the deferred compensation category.

Filtering

From Date:

To Date:

This report is available to run at the client level. If the Legal Company is left blank the report will be run for ALL Companies.

Legal Company:

Include Terminated Companies: ☐

Grouping

Organization Level 1:

Organization Level 2:

Include Pay Group Breakdown: ☐

Options

100K Excess Cost Option: Compensation Only

FTE Calculation Method: FTE calculation based on Hours Paid

Weekly Hours Threshold:

Employment Categories: ☒ Employment Categories

Format: PDF

Paycheck Protection Loan Forgiveness Report 2021



- What we need from you:
- Loan Origination date

Client Reports

Report Category: All ▼

Search: ppp Filter

Output Name	Report Type
CARES PPP Loan Forgiveness Report	As Of Date
CARES PPP Loan Forgiveness Report 2021	As Of Date

[Generate Report](#) [Go To My Reports Queue](#)

Once your report request has been submitted you can do any of the following: Run another report, go report will be available in My Reports Queue for 72 hours.

CARES PPP Loan Forgiveness Report 2021

CARES PPP Loan Forgiveness Report. This report can be run for 2020 and 2021 PPP Loans.

Filtering

This report is available to run at the client level. If the Legal Company is left blank the report will be run for ALL Companies.

Legal Company: ▼

Include Term'd Companies: ☐

Grouping

Include Pay Group Breakdown: ☐

Organization Level 1: ▼

Organization Level 2: ▼

Options

Loan Year: 2021 PPP Loan ▼

Last Day of Covered Period: 📅 i

Weekly FTE Hours Threshold: i

Seasonal Period Begin Date: 📅 i

Owner Comp Used in Loan App: 2019 ▼

Format: PDF ▼

Paycheck Protection Loan Forgiveness Report 2021



- **Loan Year:** option includes either 2020 or 2021.PPP Loan.
- **Last Day of Covered Period:** The report is now a Date Range report. Therefore, the CARES PPP Loan Orig. Date used under Legal Miscellaneous Fields will be the "From" date in the report and the date entered in Last Day of Covered Period will be the "to" date in the report.
Note: This option is the same whether selecting 2020 or 2021 for the Loan Year.
- **Weekly FTE Hours Threshold:** this field will default to 40 hours per week unless another weekly FTE threshold is entered.
- **Seasonal Period Begin Date:** dates entered in this field must be between 2/15/2019 and 2/15/2020. The seasonal date entered is the begin date of the 12-week period for seasonal employer only.
- **Owners Comp Used in Loan App:** option is 2019 or 2020.
Note: The 2020 selection should only be used with a 2021 PPP Loan.
- **Format:** either PDF or Excel

Paycheck Protection Loan Forgiveness Report 2020



iSolved Human Capital Management Delivered by Payroll Network

Amy Miller

Client: SALES2092 - SALES DEMO CORPORATION

Client Reports

Report Category: All

Search: ppp Filter

Output Name	Report Type
CARES PPP Loan Forgiveness Report	As Of Date

Generate Report Go To My Reports Queue

Once your report request has been submitted you can do any of the following: Run another report, go to My Reports Queue. The report will be available in My Reports Queue for 72 hours.

CARES PPP Loan Forgiveness Report

CARES Payroll Protection Program Forgiveness Report

Filtering

This report is available to run at the client level. If the Legal Company is left blank the report will be run for ALL Companies.

Legal Company:

Include Term'd Companies:

Grouping

Include Pay Group Breakdown:

Organization Level 1:

Organization Level 2:

Options

Covered Period Duration: 24 weeks

Weekly FTE Hours Threshold:

Seasonal Period Begin Date:

Wkly/Biweekly Coverage Option: Alternative Payroll Covered Period - start with the first

Mth/Semi-Mthly Coverage Option: Covered Period

Incurred Or Paid Option: Include all payrolls paid or incurred during the Covered Period

Incurred Pay Period Option: Include ONLY Days incurred within the Loan Period for

Format: PDF

Employee Retention Credits



What are Employee Retention Credits?



The **Employee Retention Credit under the CARES Act** encourages businesses to keep employees on their payroll.

Resource: <https://www.irs.gov/coronavirus/employee-retention-credit>

Employee Retention Credit



- Extends the employee retention credit through **December 31, 2021.**
- Expands eligibility for the credit to new startups that were established after Feb. 15, 2020, and companies if their revenue declined by 90% compared to the same calendar quarter of the previous year. The credit is capped at \$50,000 per calendar quarter for startups.

What requirements do I need to meet?



- A full or partial suspension of the operation of their trade or business during this period because of governmental orders limiting commerce, travel or group meetings due to COVID-19,
or
- A decline in gross receipts in a calendar quarter in
 - 2020 where the gross receipts of that calendar quarter are **less than 50%** of the gross receipts in the same calendar quarter in 2019
 - 2021 where the gross receipts of that calendar quarter are **less than 80%** of the gross receipts in the same calendar quarter in 2019

Employee Retention Credit



2020 Law

- Qualified wages after March 12, 2020, and before Jan. 1, 2021.
- 50% of the qualified wages paid to the employee, capped at \$5,000 for all qualified wages paid during 2020 (50% up to 10k wages)
- For a company less than averaged less than 100 full time employees, **all wages paid** during the qualified period
- For a company with more than 100 employees, credit was available for wages paid to employee was NOT performing services for the employer during that period.
 - Business operations that are either fully or partially suspended by a COVID-19 lockdown order; or, for any quarter in 2020, if gross receipts are less than 50% of gross receipts for the same quarter in 2019.
- Now eligible if you received a Paycheck Protection Program (PPP) loan – just cannot double dip

Employee Retention Credit



2021 Law

- Threshold will be raised to 500 employees, so that for 2021, a company with 500 or fewer employees will be eligible for the credit, even if employees are working.
- Qualified wages paid after March 12, 2020, extended to all 4 quarters or 2021.
- Credit amount is increased to 70% of qualified wages, which is amended to include the cost to continue providing health benefits.
- Cap is increased to \$7,000 for 2021; maximum credit for 2021 will be \$28,000
- Business operations that are either fully or partially suspended by a COVID-19 lockdown order, or for a quarter in 2021, **if gross receipts requirement is reduced from 50% to 20% (2019 comparison)**
- New Eligible governmental employers (Universities / Colleges, Providing Medical or Hospital care)
- A company that receives a PPP loan is no longer prohibited – however a credit may not be claimed for wages paid with the proceeds of a PPP loan that have been forgiven (no double dipping)

How Many Full Time Employees



- Full-time employee testing period in 2019
- Average at least 30 hours of service per week or 130 hours of service in a month
 - ACA rules (Full Time employees, not Full Time Equivalents)
- Aggregation rules apply

<100 Employees – you get the full Benefit up to \$10,000 in wages

>100 Employees – credit is only available to those employees you paid that were NOT providing services

<500 Employees – you get the full Benefit up to \$10,000 in wages

>500 Employees – credit is only available to those employees you paid that were NOT providing services

Resource: [COVID-19-Related Employee Retention Credits: Determining Qualified Wages FAQs | Internal Revenue Service \(irs.gov\)](#)

What wages are excluded from the definition of eligible wages?



- Capped Wages > \$10,000
- PPP Funding payrolls
- FFCRA – COVID Sick Payments
 - Employee Sick
 - Family Sick
 - Paid Family Medical Leave
- Work Opportunity Tax Credit
- Exclude Severance Payments
- Ownership / Relatives

2020 vs. 2021 Comparison



	2020	2021
Significant decline in gross receipts	50%	20%
Applicable dates	3/13/2020-12/31/20	1/1/21-12/31/21
Credit percentage applied to qualified wages	50%	70%
Maximum credit per Employee	\$5000	\$28000
Maximum # of FT employees allowed to claim credit on wages paid	100	500
Certain Governmental employers eligible	No	Yes
Eligible if obtaining PPP	Yes (Retro)	Yes

Retention Reports



Pay Date	Total Wages	Total Health	Total	Total Qualified	Total Qualified Wage	Total Qualified Health	Available Wage Credit
7/1/2020	105,775.82	0.00	105,775.82	90,128.90	90,128.90	0.00	45,064.45
7/21/2020	172,821.78	0.00	172,821.78	94,934.90	94,934.90	0.00	47,467.45
7/31/2020	103,040.32	0.00	103,040.32	43,871.59	43,871.59	0.00	21,935.80
8/14/2020	104,441.85	0.00	104,441.85	23,844.49	23,844.49	0.00	11,922.25
8/31/2020	103,499.95	0.00	103,499.95	15,375.99	15,375.99	0.00	7,688.00
9/18/2020	91,498.69	0.00	91,498.69	11,832.54	11,832.54	0.00	5,916.27
9/30/2020	106,432.08	0.00	106,432.08	8,472.30	8,472.30	0.00	4,236.15
10/19/2020	103,926.10	0.00	103,926.10	5,124.72	5,124.72	0.00	2,562.36
10/30/2020	106,961.45	0.00	106,961.45	1,887.61	1,887.61	0.00	943.81
11/13/2020	109,770.60	0.00	109,770.60	7,857.07	7,857.07	0.00	3,928.54
12/1/2020	104,747.83	0.00	104,747.83	2,621.66	2,621.66	0.00	1,310.83
12/17/2020	108,776.63	0.00	108,776.63	1,139.82	1,139.82	0.00	569.91
12/31/2020	105,065.36	0.00	105,065.36	845.34	845.34	0.00	422.67
	1,426,758.46	0.00	1,426,758.46	307,936.93	307,936.93	0.00	153,968.47

“If I am eligible, next steps...”

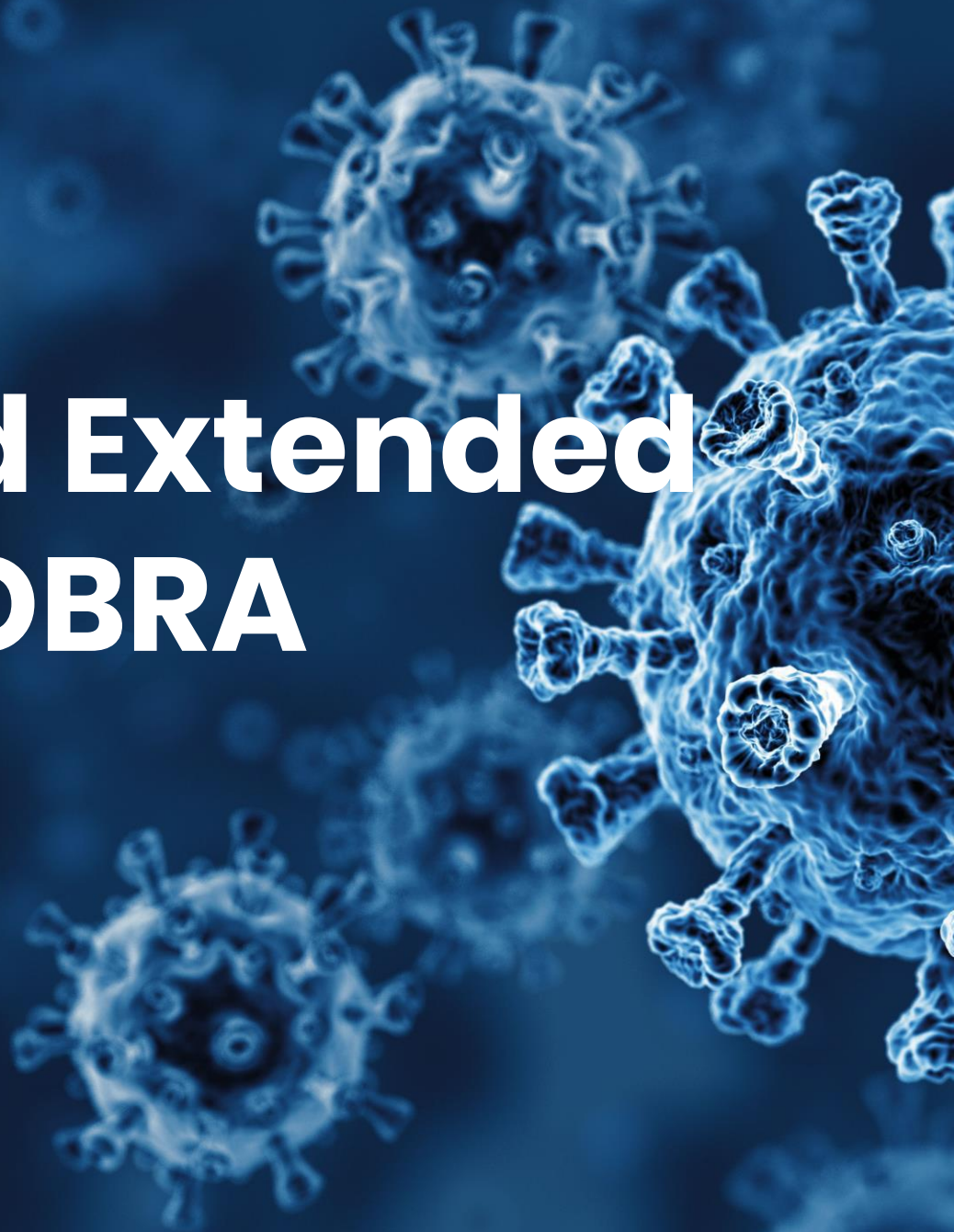


- As the employer, you are responsible to confirm eligibility. Once you confirm eligibility, what are your next steps:
- Payroll Network / GovConPay clients – contact us, we will aid you in the following:
 - Credit reporting
 - Tracking credits
 - Adjustments and Amendments
 - Tax Filing and Amended Returns

Other opportunities:

- Report on Form 941
- Request in advance on Form 7200

Free and Extended COBRA



COBRA Continuation Coverage



- From April through September 2021, free COBRA coverage is available for employees (and their covered family members) who lost group health insurance due to an involuntary termination or reduction in hours.
- Note: This subsidy does not apply to those who voluntarily quit their employment.
- Individuals covered by COBRA during this period will not be charged any premiums.
- Self-insured employers will cover the COBRA premiums and take a dollar-for-dollar tax credit by retaining the amount of payroll taxes equal to the amount of COBRA premiums paid, rather than deposit them with the IRS.
- Fully insured plans, the credit is claimable by the insurer.



COBRA Continuation Coverage



- Within 60 days of April 1, a notice of a special enrollment period must be sent to all eligible participants who have not yet elected COBRA coverage by April 1, or who elected COBRA coverage but then discontinued it.
- Due to former COBRA election deadline extensions, this group will include those who lost coverage at the start of the pandemic; however, the duration of COBRA coverage will still be measured from the date of the original qualifying event.
- The Department of Labor will issue model COBRA notices addressing the subsidy, and more guidance is also expected.



COBRA Action Items



✓	Identify all assistance eligible individuals entitled to elect COBRA coverage due to involuntary terminations and reductions in hours.
✓	Include both those currently on COBRA and those who could be on COBRA through September 2021 but for the fact that COBRA was declined or dropped.
✓	Be prepared to send out explanatory notices.
✓	Get ready to track assistance eligible individuals who elect the COBRA subsidy.
✓	Work with payroll providers to claim the refundable tax credit. (Payroll Network will provide details as they become available)

Other HR Considerations



Other HR Considerations– DC FSA



- Dependent Care Flexible Spending Accounts
 - For 2021, ARPA has increased DC FSA limit to \$10,500 (or \$5,250 for married individuals filing separately)
 - Prior to ARPA, those amounts were limited to \$5,000 (\$2,500 for married individuals filing separately)
 - Carryover Implications and the Consolidated Appropriations Act



Other HR Considerations– DC FSA



- DC FSA Accounts
 - Carryover Implications and the Consolidated Appropriations Act provides some FSA relief for 2020 and/or 2021
 - (1)– a 12-month grace period for amounts that were not used at the end of the year
 - (2)– a carryover feature whereby employees can carry unused amounts into the subsequent year
 - CAA also permits employees to make midyear election changes to their 2021 DCFSA elections for any reason (even without a life status change)



ARPA/CAA DC FSA Sample



- Employee elects \$5,000 for 2020
 - Incurs \$2,000 of eligible DC FSA expenses reimbursed due to COVID-19 dependent care provider shutdowns
 - Employer amends DCFSA to allow 12-month grace period for 2020 under CAA
 - As a result, unused \$3,000 is available during 2021
 - During OE, elects to contribute additional \$5,000 to the DC FSA for 2021
 - Employee incurs \$8,000 in eligible DC FSA expenses in 2021
 - Gets reimbursed for full \$8,000 (\$5,000 election for 2021 + \$3,000 carryover from 2020)

Because of ARPA increased DC FSA limit to \$10,500 for 2021, the employee can exclude the entire \$8,000 in 2021 from gross income. Without ARPA, the excess \$3,000 would have been taxable income.

State & Local Law Reminders



- New York
 - March 2020 enacted a law with paid leave and job protection to workers that need to quarantine due to COVID
 - Mandated paid sick leave separate from COVID and provides eligible employees paid family leave benefits with local leaves as well to consider
 - Also- New York employees must receive paid leave up to 4 hours per COVID-19 injection and companies cannot require employees to use other PTO



State & Local Law Reminders



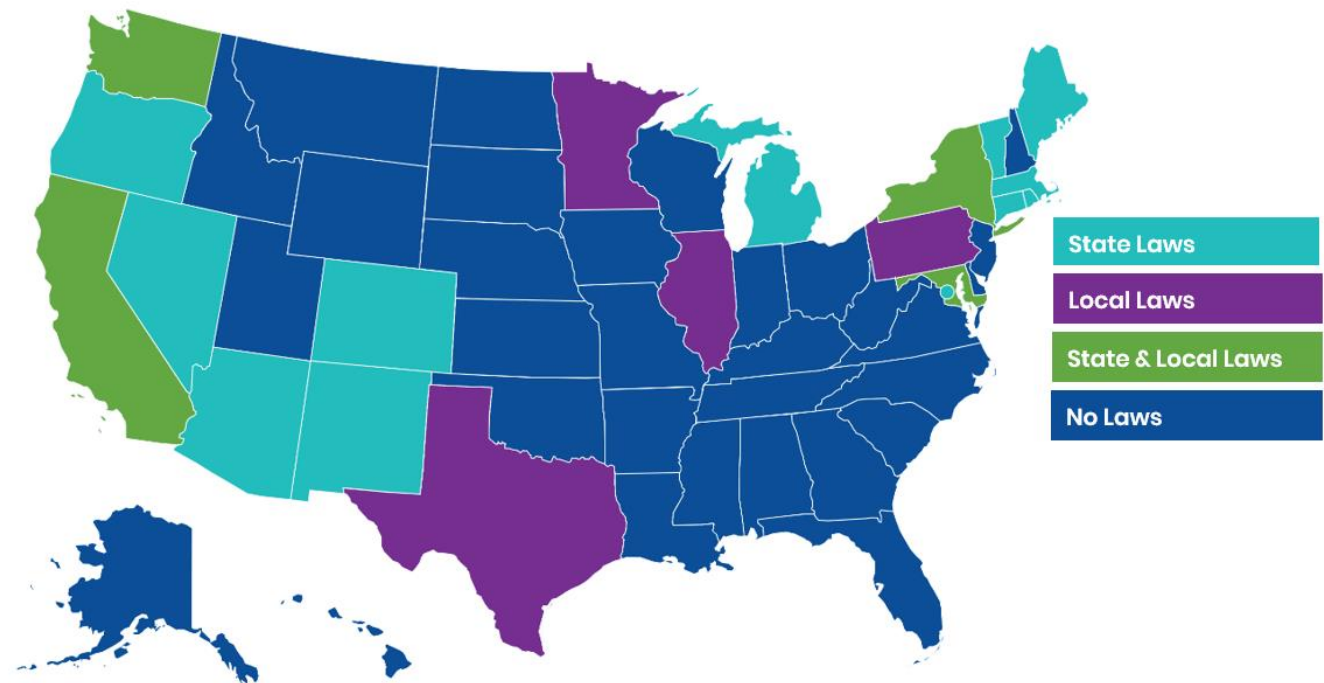
- Pennsylvania
 - Local Laws may be in place even without statewide paid-sick-leave (For example- Philadelphia and Pittsburgh)
 - Philadelphia initially provided COVID-19 leave through 12/31/2020 for employees who work for larger companies not covered by FFCRA (over 500 employees). Late March, it expanded the coverage to require companies over 50 to provide up to 80 hours of paid sick leave for COVID-19 reasons
 - Pittsburgh offers 80 hours paid time off for COVID-19 reasons. Additionally, Pittsburgh's permanent Paid Sick Days Act provides workers with up to 40 hours of paid sick leave for various circumstances.



Paid Sick Leave Laws

- Arizona
- California
- Colorado
- Connecticut
- Illinois
- Maine
- Maryland
- Massachusetts
- Michigan
- Minnesota
- Nevada
- New Jersey
- New Mexico
- New York
- Oregon
- Pennsylvania
- Rhode Island
- Texas
- Vermont
- Washington
- D.C.

State & Local Paid Leave



Unemployment Updates with ARPA



- Extended the 3 previously enacted programs:
 - Pandemic Emergency Unemployment Compensation- extends benefits up to 53 weeks and through 9/6/2021
 - Pandemic Unemployment Assistance- provides up to 79 weeks of benefits (and up to 86 weeks in some states) through 9/6/2021
 - Federal Pandemic Unemployment Compensation- extends the \$300 additional per week through 9/6/2021.
- Created a 4th program:
 - Mixed Earner Unemployment Compensation- targets freelancers and gig economy as well as self-employed who are not receiving benefits under the PUA (above). ARPA extends the \$100 additional benefits through 9/6/2021.

Unemployment Updates with ARPA



- Approximately 18 million unemployed in the U.S.
- The first \$10,200 in unemployment are tax-free for households earning up to \$150,000 in 2020
- Unemployment Fraud estimated at over 62 billion since March 2020
 - Remind employees to be alert to any suspicious mail, phone calls, email or social media requests trying to gather personal information.
 - Avoid people or organization saying they can help turn around unemployment benefits faster
 - Look for letters or email correspondence outlining new accounts or unemployment benefits initiated in your name
- Short-time Compensation – also extended to 9/6/2020



STAY TUNED FOR MORE UPDATES SOON



Continue to visit our website for
training/blog posts/webinars, etc.

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