



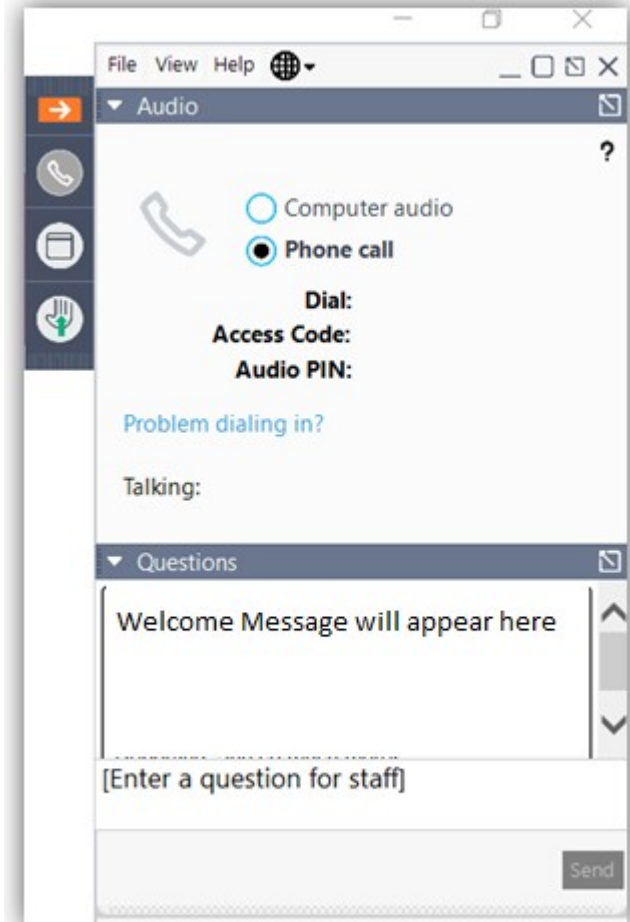
COVID-19 UPDATE

Employee Retention
Credits and Current
Pandemic Legislation
3.17.2021

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



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VP of Client Experience

Payroll Network



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VP of HR Services

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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



- Employee Retention Credits
 - 2020 – Go Retro!
 - 2021
- PPP Loan / Forgiveness Report Status
- Updates on Latest Legislation
- Other Workplace Considerations

The background of the slide features a dark blue, textured surface with several glowing, translucent blue virus-like particles. These particles have a spherical core and are covered in numerous small, protruding spikes or tentacles, giving them a complex, organic appearance. They are scattered across the frame, with some appearing more prominent than others.

Consolidated Appropriations Act 2021

Act Highlights



Highlights

- Expenses related to the PPP Loan Forgiveness are Deductible
- Changes to the Employee Retention Tax Credit
- Extension of the Paid Sick and Family Leave Tax Credits
- Availability of a 2nd Round PPP Loan
- Unemployment Funding
- Second Round of Economic Stimulus Checks
- Other HR items

Employee Retention Credit



“The Internal Revenue Service *urges* employers to take advantage of the newly-extended employee retention credit, designed to make it easier for businesses that, despite challenges posed by COVID-19, choose to keep their employees on the payroll.”

Resource: <https://www.irs.gov/newsroom/new-law-extends-covid-tax-credit-for-employers-who-keep-workers-on-payroll>

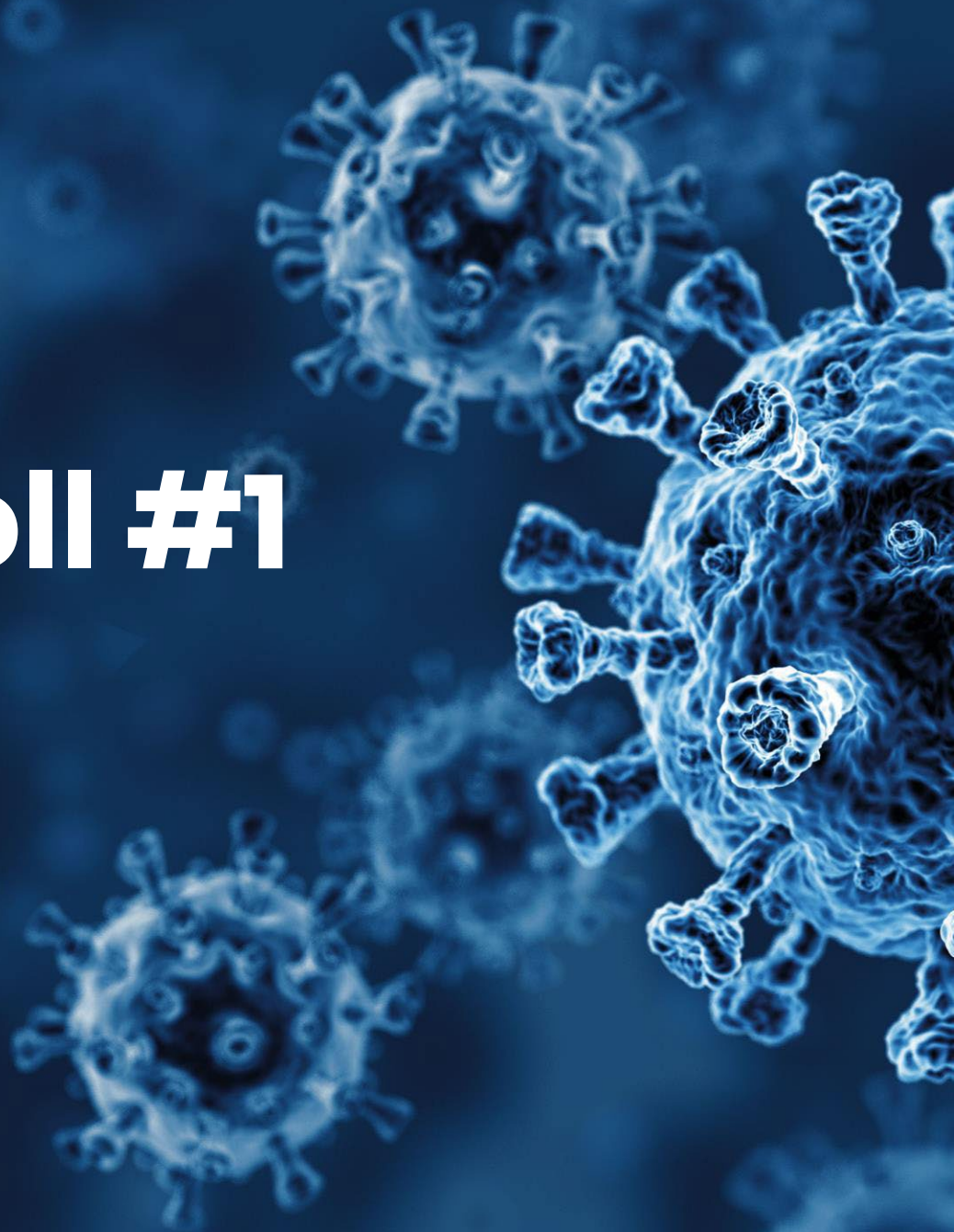
What are Employee Retention Credits?



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>

Poll #1



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.
- Not eligible if you received a Paycheck Protection Program (PPP) loan

Employee Retention Credit



Retroactive to the March 27, 2020, enactment of the CARES Act, the law now *allows* employers who received Paycheck Protection Program (PPP) loans to claim the ERC for qualified wages that are not treated as payroll costs in obtaining forgiveness of the PPP loan. (for both 2020 and 2021)

But no “double dipping”.

Resource: <https://www.irs.gov/newsroom/new-law-extends-covid-tax-credit-for-employers-who-keep-workers-on-payroll>

Who is an Eligible Employer?



- You must have a trade or business
- Governmental entities are not eligible (in 2020). Changes in 2021 does allow some inclusions
- Tax Exempts organizations under Section 501(c) are eligible



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

What are my Gross Receipts?



There is a breakdown b/t taxable entity and tax-exempt entity(*)

- Total sales net of returns & allowances
 - All amounts for services
 - Interest
 - Dividends
 - Rents
 - Royalties
 - Annuities
- * Gross receipts from all operations, not just trades or businesses
 - * Contributions, Grants, and Similar Amounts
 - * Gross amounts for sale of assets and securities
 - * Gross amounts received as dues or assessments

Resource: <https://www.irs.gov/newsroom/covid-19-related-employee-retention-credits-determining-when-an-employer-is-considered-to-have-a-significant-decline-in-gross-receipts-and-maximum-amount-of-an-eligible-employers-employee-retention>

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

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

What Wages are included?



Eligible wages include, but are not limited to:

- Salaries and wages,
- Cash tips,
- Bonuses and commissions,
- Vacation pay,
- Employer provided sick pay (with exceptions)

Resource: IRC 3121(a) and 3231(e)



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

Qualified Health Plans



- Includes the employer cost for health insurance plus any employee pretax salary reduction
- Includes health plan expenses paid for furloughed employees
- Available to both fully-insured group health plan and self-insured group health plan
- **Does not** include employer contributions to Health Savings Accounts or Archer Medical Savings Accounts.

Resource: <https://www.irs.gov/newsroom/determining-the-amount-of-allocable-qualified-health-plan-expenses>

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 of 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)

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

Sample Credits



Company A

- Company in 2020 received the PPP Loan on May 5th. They utilized the PPP funds in 8 weeks.
 - Company saw a 60% decline in Gross Receipts in Q3 and Q4 of 2020
 - Client has 73 employees
 - Is eligible for credits for pay periods outside of the PPP funding
 - Ability to earn up to \$365,000 in tax credits (Maximum \$5K per employee)
-

Sample Credits



Company B – 2021

- Company in 2021 has seen a 30% decline in Gross receipts for Q1. they are on track to continue to see losses > 30% in Q2 of 2021.
 - Client did not receive a Second Draw PPP Loan at this time
 - Client has 120 Full Time employees
 - Ability to earn up to \$840,000 in tax credits (Maximum \$7K per employee) in Q1. If losses continue into Q2, they can receive up to an additional \$7K per employee in Q2.
-

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

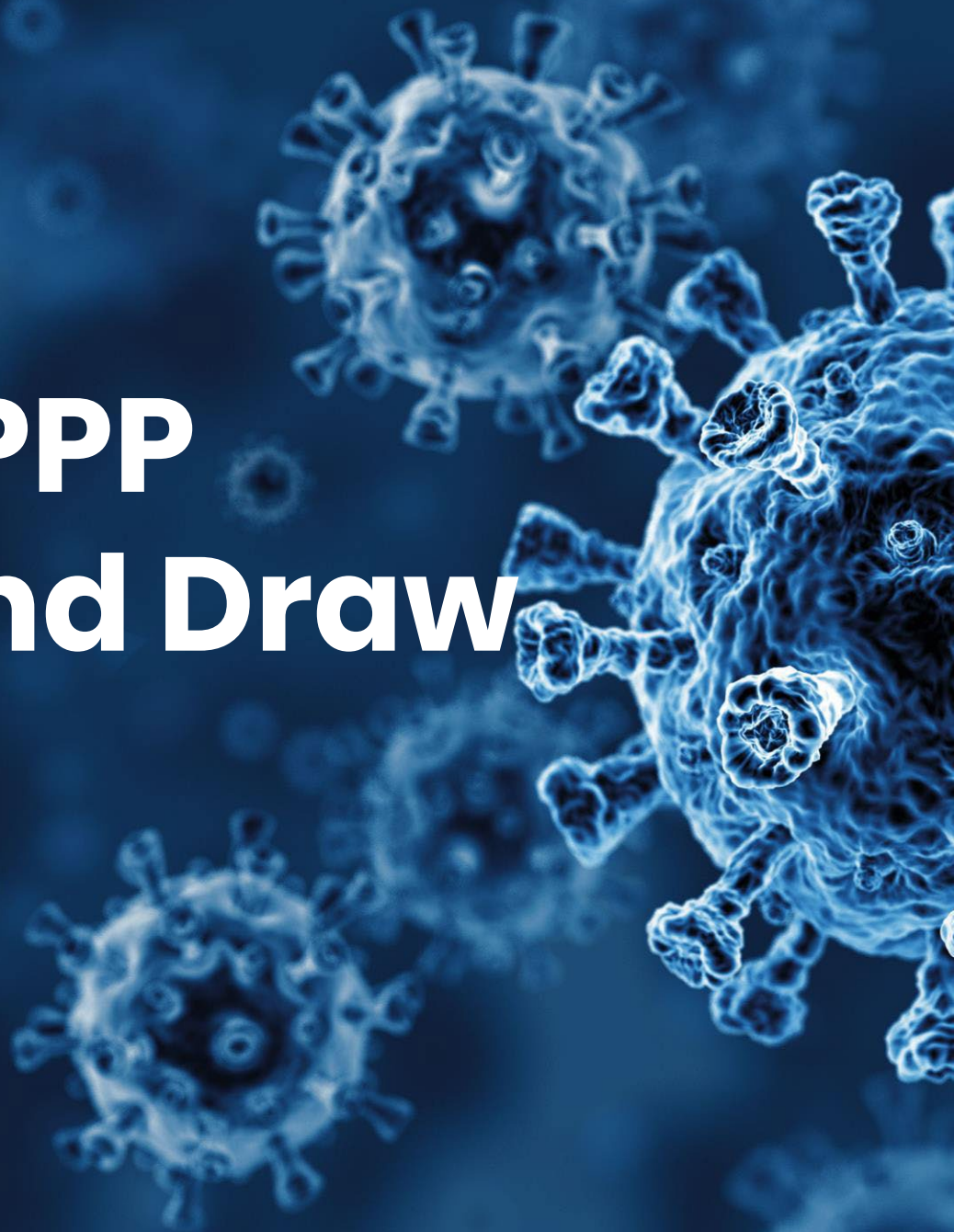


- As the employer, you are responsible to confirm eligibility. Once you confirm eligibility, what are your next steps:
- Payroll Network / GovConPay clients – contact us, we will aid you in the following:
 - Credit reporting
 - Tracking credits
 - Adjustments and Amendments
 - Tax Filing and Amended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

Other opportunities:

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

PPP Second Draw



PPP Round 2 – “Second Draw”



**CARES Paycheck Protection
Program Report**

**CARES PPP Loan Forgiveness
Report**

Paycheck Protection Loan Forgiveness Report



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

American Rescue Plan Act



Act Highlights

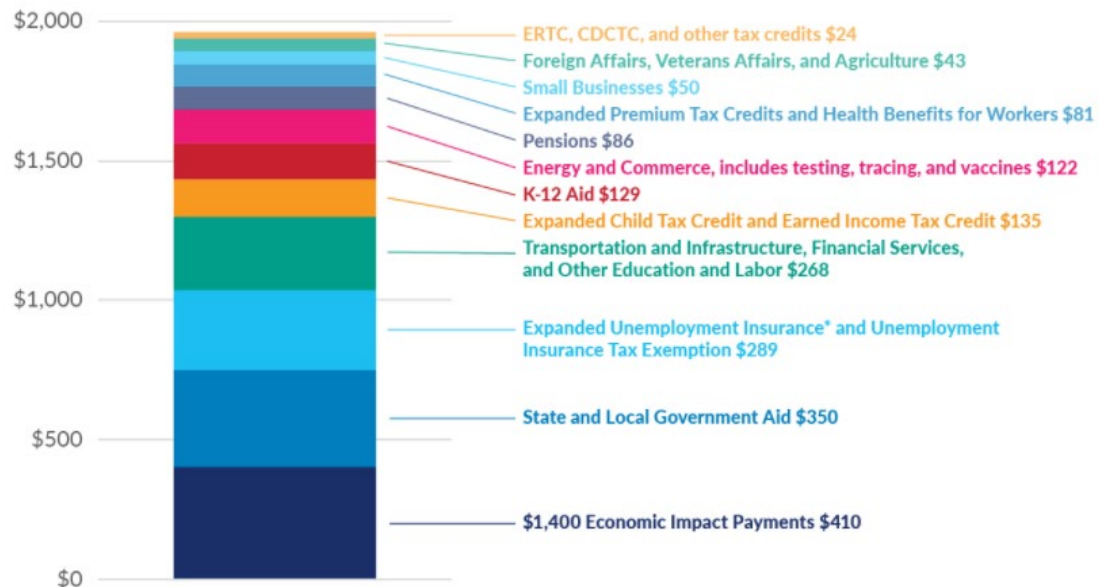


Highlights

- Stimulus Payment
- Unemployment Benefits
- COBRA Continuation Coverage
- Tax Updates
 - Employee Retention Credit
 - Family and Sick Leave Credits
 - Child Tax, Earned Income, Child and Dependent Care, & Premium Tax Credit implications
- PPP Borrowers can also receive Shuttered Venue Operators Grant (SVOG)

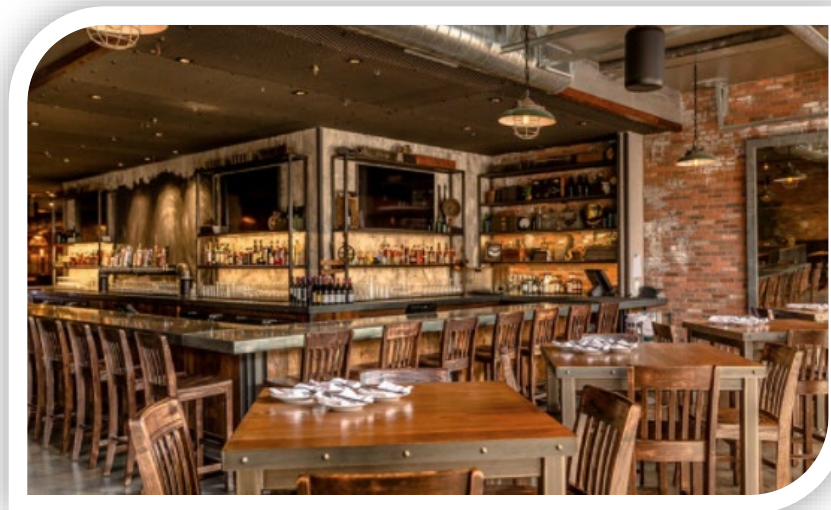
What's in the \$1.9 Trillion American Rescue Plan Act?

Topline summary of relief in Billions of Dollars



Act Highlights

- Federal Contractors
- Affordable Care Act Subsidies
- \$15 Minimum Wage Removed
- Relief for Restaurants and Others
 - \$50 billion to small businesses including \$28.6 billion for funds to bars, restaurants and other venues closed during the pandemic



Restaurant Revitalization Funds



- \$28.6 billion grant program for restaurants & other food/drinking establishments
 - During the first 60 days, \$5 billion aside for businesses with less than \$500k in 2019 revenue
- Not for publicly traded companies or restaurants or entities with more than 20 locations
- Grant is based on difference in annual revenue (gross receipts) between 2020 & 2019 with max grant of \$10M
- Extensive list of eligible expenditures to spent grant on (payroll, rent, utilities, supplies, food, maintenance, etc.)
- You must certify for participation

Other HR Considerations



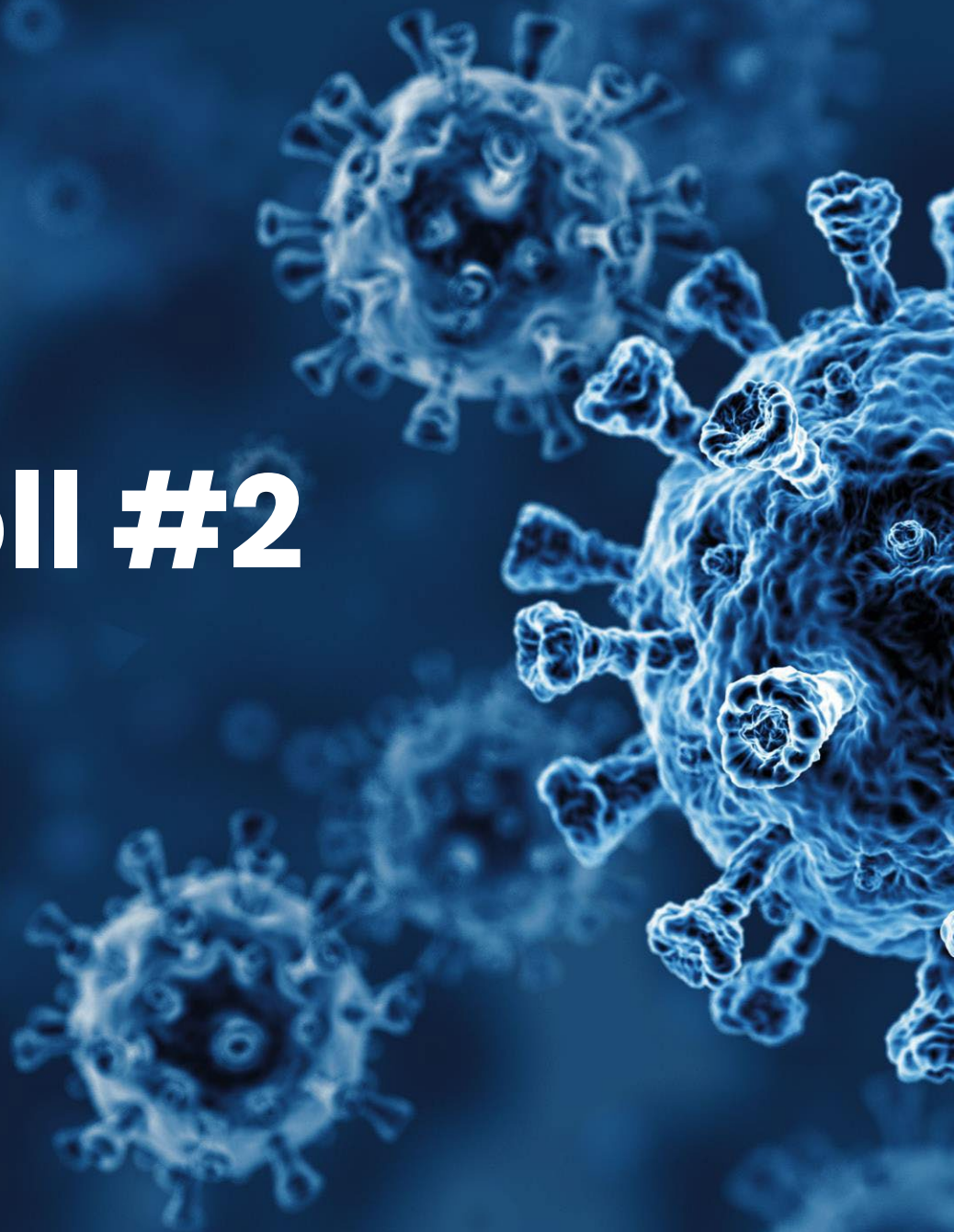
Other HR Considerations



- Dependent Care Flexible Spending Accounts
- Veteran Rapid Retraining Assistance Program
- DOL Worker Safety Activities



Poll #2

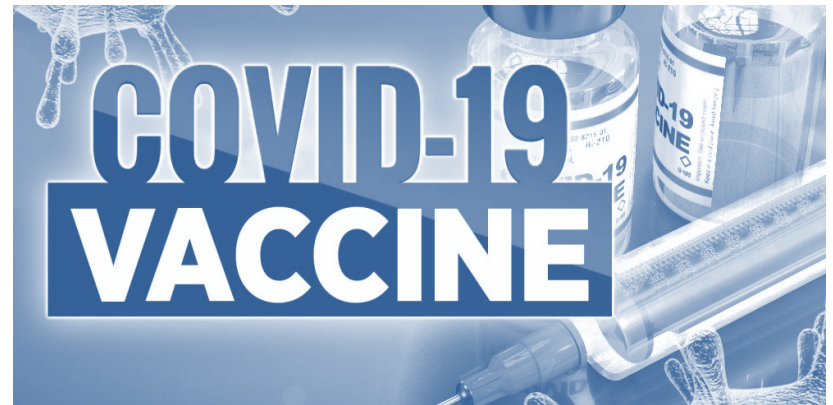


COVID-19 Vaccine



Vaccine Considerations

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



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 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
- Increased amount of wages from \$10,000 to \$12,000 for EFMLA
- Includes leave taken for Vaccination or to recover from related side effects
- iSolved – clients can continue to use the FFCRA Sick Leave codes created for you
- Resetting days after 3/31
- **Important: You will need to manually monitor the Sick Leave Credits as values reset in 2021 until March 31st.**

FFCRA Extension into 2021



Starting April 1st– Reasons for leave

- When quarantined or isolated subject to federal, state, or local quarantine or isolation order
- When advised by a health care provider to self-quarantine because of COVID-19
- When the employee is:
 - a. Experiencing symptoms of COVID-19 and seeking a medical diagnosis
 - b. **Seeking or awaiting the results of a diagnostic test for, or a medical diagnosis of, COVID-19 because they have been exposed or because their employer has requested the test or diagnosis**
 - c. **Obtaining a COVID-19 vaccination or recovering from any injury, disability, illness, or condition related to the vaccination**
- When caring for another person who is isolating or quarantining on government or doctor's orders
- When caring for a child whose school or place of care is closed due to COVID-19

STAY TUNED FOR MORE UPDATES SOON



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

payrollnetwork.com

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Appendix



Coding COVID Leave

Individual Time Entry | Pay Date: 4/24/2020 | Payroll Period: 4/6/2020 - 4/19/2020

iSolved | University | Help

Check Type	Pay Frequency	Total Hours	Total Earnings	Total Deductions	Total Taxes
X Regular Check		0.00	0.00	0.00	0.00 Options
X Additional Check		0.00	0.00	0.00	0.00 Options

+ Add New | Preview Check | Refresh

Template: Emergency Leave

☐ Show Accrual Balances ☐ Show State/Local Override ☐ Block Direct Deposit [Show Shortcut Keys](#)

Earning	Rates & Scheduled Pay	Block	Hours	Dollars	Override Rate	Department (5)
COVID EE Sick			80.00			
COVID FAM SICK						
COVID EFMLA						
Total			80.00	0.00		

Memo Calc	Scheduled	Block	Dollars
COVID QHE FMLA		<input type="checkbox"/>	
COVID QHE Sick		<input type="checkbox"/>	150.00
Total			150.00

What do I need to setup?



iSolved will automatically calculate a tax credit in the amount equal to the total of all these codes combined, along with the employer portion of Medicare tax (1.45% of taxable COVID Leave wages).

- These codes are already exempt from the employer portion of Social Security Tax (6.2% of wages).
- The credit will appear on your Payroll Summary
- Credits will reduce the federal tax collection and deposit.

COVID Leave Earnings

- ✓ COVID EE SICK
- ✓ COVID Fam SICK
- ✓ COVID EFMLA

COVID Memo Codes

- ✓ COVID QHE SICK
- ✓ COVID QHE FMLA

Payroll Network will support you in creating these codes:

support@payrollnetwork.com