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Economic Relief Available To Businesses Impacted by COVID-19

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Main forms of relief available:

1. Loans (forgivable PPP grant and traditional EIDL loans)
2. Payroll tax credit for employee retention
3. (For employees): sick and medical leave
4. (For employers): payroll tax credits for employee leave
5. Other notable provisions:
 - a. Payroll tax holiday
 - b. Charitable contributions
 - c. Retirement funds

Paycheck Protection Program

- Loan is fully forgivable if used properly
- Available to businesses with under 500 employees
(and certain other small business as defined by the SBA)
- Amount = average monthly payroll for last year \times 2.5
 - Payroll capped at \$100k per employee
 - Payroll excludes payments to independent contractors
 - Plus amount of any EIDL loan already received
 - Loan amount capped at \$10 million

Paycheck Protection Program

- Permissible uses:
 - Payroll up to \$100k per employee per year
 - Healthcare, mortgage, rent, utilities, interest on debt
- Forgiveness of amounts spent in first 8 weeks
 - Non-payroll limited to 25% of loan amount
 - Forgiveness reduction for employee/wage cuts
 - Forgiveness is not gross income
- Balance: 1.0% interest for 2 years
 - Payments deferred for 6 months; interest still accrues

Paycheck Protection Program

- Apply directly with lender; all banks now approved
- Borrower must certify:
 - The loan is needed to continue operations due to current economic conditions
 - Funds will be used for permitted purposes
 - Borrower is not seeking another PPP loan
- Each 20% owner must make this certification

Economic Injury Disaster Loan

- Up to \$2 million
- Working capital for expenses that CANNOT be met including payroll, sick leave, cost of materials, mortgage, rent, utilities
- 3.75% interest over 30 years
- More involved application/documentation process
- Up to \$10,000 advance within 3 days

Employee Retention Tax Credit

- If not receiving a PPP loan, an employer can receive a payroll tax credit for 50% of the first \$10,000 paid to each employee (i.e. maximum credit of \$5k/employee)
- Applies to employers:
 - Whose operation is fully or partially suspended due to government orders relating to COVID-19, OR
 - Whose gross receipts decline to less than 50% of those in the same quarter of the prior year
- Covered wages depend on number of employees in 2019

Families First Coronavirus Response Act: Paid Leave

- Covered employers: fewer than 500 employees
- Paid sick leave
- Paid family/medical leave
- Payments fully refundable through payroll tax credits

Families First Coronavirus Response Act: Paid Leave

Paid Sick Leave

- 80 hours of paid leave for full time employees
- For part-time employees, equivalent hours of 2 weeks' work
- (1) Employee cannot work due to own condition
 - 100% of regular pay up to \$511/day or \$5,100 aggregate
- (2) Employee cannot work due to caring for another
 - $\frac{2}{3}$ of regular pay up to \$200/day or \$2,000 aggregate

Families First Coronavirus Response Act: Paid Leave

Paid Family and Medical Leave (FMLA)

- Employee cannot work due to a need to care for a child
- Up to 12 weeks of leave in a 12-month period
 - First 10 days unpaid, then $\frac{2}{3}$ of regular pay

Families First Coronavirus Response Act: Paid Leave

- Employees cannot be required to use other existing leave to supplement sick/FMLA leave
- Employers must notify employees of rights under FFCRA
- DOL guidance:
 - Employees on unpaid leave
 - Employees whose hours have been reduced
- Relationship with CARES Act: exclusion from payroll costs

Other Provisions

- Payroll tax holiday until January 1, 2021
- Charitable contribution above-the-line deduction (\$300)
- Retirement funds:
 - Suspension of required minimum distribution rules
 - Penalty-free coronavirus-related withdrawals up to \$100,000
 - Increased amount of loans from retirement plans to the lesser of \$100,000 or 100% of the individual's accrued benefit