



**2020 YEAR-END COVID WRAP-UP**

# House Keeping Items

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## *Some Housekeeping Items:*

- All participants have been placed on mute.
- All registrants will receive a follow up e-mail with a link to the recorded webinar and any training documentation.
- Stay updated and register for upcoming webinars on our COVID-19 INFO Center here: <https://ctrhcm.com/covid-19-information-center/>
- This training is intended for educational and informational purposes. We hope that you learn a lot but the information should not be construed as legal or tax advice.
- If you have any questions or want to request training, please e-mail [training@ctrhcm.com](mailto:training@ctrhcm.com)



# Speakers

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**BRIDGET ESCOBAR**  
*President, CTR Payroll*



**MIKE RADICH**  
*Founding Shareholder & President  
MGR CPA & Consultants, P.C*

# Agenda

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- ✓ Families First Coronavirus Response Act Leave Ending. What's Next?
- ✓ Proposed new COVID Relief Bill
- ✓ PPP Loan Forgiveness Application Updates
- ✓ Employer Social Security Deferral Repayment in 2021

# FFCRA UPDATE

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The Families First Coronavirus Response ACT (FFCRA) requires covered employers with less than 500 employees to provide eligible employees with up to 12 weeks of paid leave.

❖ **FFCRA Leave Benefits Expire December 31, 2020 unless extended or amended**

## **Important Considerations**

- If you have an employee who is out on leave due COVID after December 31, 2020 you will not receive a refundable tax credit from the federal government
- Currently the FFCRA does not require employers to pay out any unused FFCRA leave



# How Can Employers Prepare?

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## **1. Remind Employees that Leave Entitlements Are Ending**

Send a reminder to all employees that no FFCRA leave may be taken after December 31, 2020. This is especially important for employees who are taking FMLA leave to care for a child attending school remotely. They will need to plan and make alternative arrangements if you are no longer going to provide leave.

## **2. Update your Leave Policies to Remove FFCRA Leave Availability**

If you added an FFCRA leave policy to your handbook, check to make sure that it includes language stating that this leave will expire December 31, 2020. If it does not include this language, then you will need to send a formal notice rescinding this policy effective December 31, 2020.

## **3. Provide Direction to Employees as to what Leave will be used for COVID absence after the New Year**

For many employers, employees who need to be on leave due to COVID will have to take this leave under the employer's existing sick or PTO leave policies. If employees do not have any available leave employers may have to grant unpaid leaves of absence or temporary remote work assignments.

# Frequently Asked Questions

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## **What happens to the employees' existing FFCRA leave balance?**

Nothing. It is eliminated. If an employee is only a few weeks into an FFCRA-covered family leave to provide child-care due to his or her child's school closure, the employee's paid leave entitlement terminates on December 31, 2020 regardless of whether the employee has used all of the leave or not.

## **What if I have an employee still out on EPSL or EFMLA Leave on December 31, 2020?**

Advise the employee that the leave past December 31, 2020 will be applied to the employee's existing PTO or sick leave balance. **Note:** Please be aware that some states and municipalities are enacting their own COVID Paid Sick Leave Policies. In many instances this leave must be provided on top of your normal leave policies.

## **Is the employee entitled to other types of leave?**

If the employee has a "serious health condition" or is caring for someone with a serious health condition the employee may be eligible for FMLA leave which is 12 weeks of unpaid leave. The DOL has indicated that employees who are sick due to COVID-19 where complications arise may be eligible for traditional FMLA. This is only if the employee is eligible (i.e. has been employed for at least 1 year and worked at least 1,250 hours) and the employer has 50 or more employees.

# Frequently Asked Questions

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## **How do I handle FFCRA leave in the last pay of December or first pay of January?**

If you have a biweekly pay period that begins in December and extends into January with FFCRA leave that was taken in December, you may add the FFCRA leave to this payroll. After you process your payroll, CTR will make adjustments to move the tax credits for this payroll to your 4<sup>th</sup> quarter 941 so that you may still receive the tax credits.

**Please remember that these payrolls should only include FFCRA hours that were taken in December. Do not use the FFCRA codes for any further payrolls in 2021. If you do then these will need to be removed and additional fees may be applied for amendments and adjustments.**



# Pittsburgh COVID-19 Sick Leave Ordinance



- Signed into law December 9, 2020
- Applies to Pittsburgh employers with at least 50 employees
- This is leave that must be provided in addition to any other existing City Paid Sick Leave policy
- **Who qualifies?**
  - Employees who have been employed for 90 days
  - Employees must work in Pittsburgh, usually work in Pittsburgh but are teleworking due to COVID, or who spend at least 51% of their time in Pittsburgh
  - Full-time employees who work at least 40 hours get 80 hours of Paid Sick Leave
  - Employees who work fewer hours the amount is based on the hours they are scheduled to work or they actually worked on average in a 14-day period
  - Variable Hour Workers- Look at average scheduled hours in last 90 days
- **Reasons for Leave**
  - Health official determines an employee who was exposed to COVID or exhibits symptoms would endanger the workplace, regardless of the diagnosis
  - To care of an individual that has been exposed to COVID or is exhibiting symptoms
  - Employees diagnosed with COVID or exhibiting symptoms to seek diagnosis, care or to self-isolate
- **How Long in Place**
  - When the state or city virus related health emergency ends

# Proposed Pandemic Relief Package



- **Unemployment assistance-** Trump's executive order of \$300-a-week in additional federal unemployment benefits is ending December 31, 2020. Looking to extend this benefit by 16 weeks from the end of December.
- **Extend PPP Program-** Add \$288 billion to the PPP for small businesses targeting aid for businesses hit hard by closures, including restaurants
  - Limited to business with 300 or fewer employees with 30 percent revenue loss in any quarter of 2020
  - Small 501(c)(6) organizations that have 150 employees or fewer such as local chambers of commerce, economic development offices, and tourism offices would become eligible for PPP
  - Simplified loan forgiveness for PPP loans of \$150K or less
- **Renewal of help for Renters and Evictions-** Rental assistance funding. This is funding to provide financial aid for landlords to prevent evictions
- **Liability Protections from COVID-19 Lawsuits-** protect businesses, school, hospitals and other orgs from liability from individuals claiming the institutions caused them to get the virus. It would be a 6-month moratorium on some corona virus lawsuit
- **State and Local Aid Money-** \$160 billion for state and local aid
- **Child Care Providers-** \$10 billion to support child care providers struggling due to COVID Pandemic

## Additional Proposal

- **Stimulus Checks-** \$600 of stimulus checks to individuals or \$1,200 to those filing jointly

# PPP Loan Forgiveness



## Mike Radich, CPA

*Founding Shareholder & President of MGR CPA & Consultants, P.C.*

*Master's of Science in Taxation (Robert Morris University)*

*Chairman of the PICPA Federal Tax Committee (2019 – 2021)*

*17 years experience with international & regional CPA firms*

*Recognized by peers as a Top 40 CPA Under 40 – Emerging Leader to Watch (2018)*

## MGR CPA & Consultants, P.C.

*Boutique CPA firm in the North Hills of Pittsburgh, PA. We pride ourselves on prioritizing client relationships and being a proactive advisor. Tax returns are a byproduct of a relationship focused on timely, prudent planning and advising. By taking on fewer clients, we build deep relationships with those whom we serve. We also work closely with our clients' other advisors such as financial advisors and lawyers. We endeavor to work collaboratively so that everything that is done for our clients is consistent with their needs, wants, and goals.*



# PPP Forgiveness- Apply Now or Wait?

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- Borrowers may be eligible for forgiveness if funds received were used for payroll expenses (excluding payroll preparation fees), business mortgage interest, rent, or utilities
  - Must be used during 8- or 24-week period after disbursement.
  - Can apply for forgiveness any time up until the maturity date.
  - After 10 months post covered period, payments must be made including interest
  
- Must file SBA Form 3508 or 3508EZ (for PPP loans \$50,000 and under), or your lender's equivalent.

- IRS Notice 2020-32 (<https://www.irs.gov/pub/irs-drop/n-20-32.pdf>)
  - In general IRC §162 allows for the deduction of “ordinary and necessary business expenses.”
  - Tax Benefit Rule:
    - If income is taxable when received; it is deductible when given back.
    - If expenses are deductible when paid; they are taxable when received back.
  - Forgiveness of debt results in income and is generally taxable; however, Section 1106(i) of the CARES Act specifically excludes PPP forgiveness from taxable income.
  - Since forgiveness is tax-exempt, any otherwise deductible expenses paid for by the PPP become non-deductible.

# Why Wait?

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- As of December 11, 2020; detailed guidance regarding the forgiveness process is still considered “interim” meaning that no final determinations have been made on how to proceed.
- While banks will be required to calculate forgiveness amounts, ultimate responsibility is with the business. Since regulations are not finalized how the forgiveness is calculated now may not be correct later.
- Many lenders are not yet ready to accept PPP forgiveness applications.
- When you apply for forgiveness, you are locked into the rules at the time the application is received for processing.



## Why Wait? (continued)

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- Guidance will almost certainly evolve with the new Congress and the new administration.
  - Loans up to \$150,000 may qualify for the streamlined forgiveness (currently only loans of \$50,000 or less qualify).
  - Interim rules versus final regulations.
  - AICPA is pushing for Congress to allow expenses covered by the PPP that was forgiven to be deductible thus giving taxpayers a “double-dip benefit.”
- It appears likely that the double-dip will be addressed and become law in 2021.

Apply now if:

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- The entity doesn't pay taxes (not-for-profit, churches).
- Merger & Acquisition considerations (outside the scope of this webinar).
- Entity structure changes (outside of the scope of this webinar).

# Reminder-PPP Loan Forgiveness Report



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

Generate Report

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Once your report request has been submitted you can do any of the following: [View 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 pay

Mth/Semi-Mthly Coverage Opt...: Covered Period

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

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

Format: PDF

## QUICK LINKS

[iSolved 6.9 Release](#)

[Updated GO Mobile App User Guides](#)

[PPP Loan Forgiveness Report Instructions 10/28/20](#)

[PPP Loan Forgiveness Checklist 10/28/20](#)

[NEW! ACA Preparation Checklist](#)



# PPP Loan Forgiveness Report Sample



CARES PPP LOAN FORGIVENESS REPORT		iSolved HCM Delivered by CTR HCM
<b>PPP Schedule A</b>		
Line1	Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1:	803,925.75
Line2	Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1:	41.80
Line3	Enter Salary/Hourly Wage Reduction (Box 3) from PPP Schedule A Worksheet, Table 1:	25,292.64
Line4	Enter Cash Compensation (Box 4) from PPP Schedule A Worksheet, Table 2:	117,753.32
Line5	Enter Average FTE(Box 5) from PPP Schedule A Worksheet, Table 2:	3.40
Line6	Total amount paid by Borrower for employer contributions for employee health insurance:	6,163.75
Line7	Total amount paid by Borrower for employer contributions to employee retirement plans:	0.00
Line8	Total amount paid by Borrower for employer state and local taxes assessed on employee compensation:	188.03
Line9	Total amount paid to owner-employees/self-employed individual/general partners:	41,666.37
Line10	Payroll Costs (add lines 1, 4, 6, 7, 8, and 9):	969,697.22
Line11	Average FTE during the Borrower's chosen reference period:	58.10
Line12	Total Average FTE (add lines 2 and 5):	45.20
Line13	FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if FTE Safe Harbor is met:	0.78

Providing an accurate calculation of the loan forgiveness amount is the responsibility of the borrower, and the borrower attests to the accuracy of its reported information and calculations on the Loan Forgiveness Application Form. Interim Final Rule, SBA Docket Number 2020-SBA-0038.

This report has been compiled with payroll data from iSolved to assist you in applying for forgiveness for your SBA PPP loan. The accuracy of the report depends on the payroll data within iSolved, the information you provide, and the report options you choose. Work with your lender, attorney, and accountant to determine the correct options for your company.

By providing this report, iSolved is not providing legal or accounting advice. It is incumbent upon you to understand and apply the interim final rules, FAQ, and other guidance provided by the US Treasury, SBA, and your lender in generating your report.

Providers values for each line of the PPP Schedule A Loan Application

Provider supporting payroll records that can be uploaded to your lender and the SBA

# Employer Social Security Tax Deferral



Cares Act allowed employers to defer the deposit and payment of the employer's portion of Social Security Taxes

## **Key Points to Wrap Up 2020**

- The deferral period end on December 31, 2020.
- Deferred deposits must be deposited by:
  - On December 31, 2021 50% of the eligible deferred amount
  - On December 31, 2022 the remaining amount

You must pay the amounts owed by looking at the individual amounts withheld by pay date. We cannot split the total evenly between percentages. Let's look at an example on the next slide...

# Employer Social Security Tax Deferral



An employer has 5 pay dates where they deferred a total of \$125,000 of SS ER taxes for the year:

- 20,000 deferred on Pay Date 1
- 30,000 deferred on Pay Date 2
- 10,000 deferred on Pay Date 3
- 15,000 deferred on Pay Date 4
- 50,000 deferred on Pay Date 5

Since the total amount of taxes deferred was \$125,000 we know that the employer needs to pay a minimum of 50% by December 31st 2021: \$62,500. However, we have to add up the amounts from the individual pay dates until they exceed \$62,500. In this case the employer exceeds that amount when we add up the totals for pay dates 1, 2, 3, and 4. The total for those pay dates is \$75,000. This is the amount we will need to impound and remit to the IRS by December 31st 2021, since the employer crossed the 50% (i.e. 62,500) threshold with those payrolls.

The remaining amount of \$50,000 from Pay Date 5 can be paid by December 31st, 2022.



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The remaining amount of \$50,000 from Pay Date 5 can be paid by December 31st, 2022.

**Deadline:** If we do not hear from you CTR will reach out November 2021 for the first half of the 2020 payments required due 12/31/2021.

# Questions?

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You can Send your Questions To:  
[bridget.escobar@ctrhcm.com](mailto:bridget.escobar@ctrhcm.com)