



Overview of the Consolidated Appropriations Act of 2021

House Keeping Items



Some Housekeeping Items:

- All participants have been placed on mute.
- All registrants will receive a follow up e-mail with a copy of the webinar.
- 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 you may email me at bridget.escobar@ctrhcm.com

Speakers



BRIDGET ESCOBAR
President, CTR Payroll

Consolidated Appropriations Act, 2021



\$900 Billion of Covid-19-Related Relief

What's Included

- Additional round & updates to PPP Program
- Extension and Expansion of Covid-Related Tax Credits
- Funding for COVID-19 programs & relief initiatives

Not Included

- State, local & tribal government funding
- Liability Protection against COVID-19 Lawsuits
- Federal student loan forbearance

Agenda



- ✓ **FFCRA Leave Updates (Covid Sick Leave and FMLA Leave)**
- ✓ **Additional PPP Updates**
 - ✓ Additional Eligible Expenses
 - ✓ PPP Taxability Changes
 - ✓ Simplified PPP Application (3508S)
 - ✓ Updates to Covered Periods
 - ✓ Payroll Costs- What's included in ER Group Coverage
- ✓ **PPP Round 2 Loans**
- ✓ **Expanded Employee Retention Tax Credits**
- ✓ **Changes to Health and Dependent Care FSAs**

FFCRA LEAVE EXTENSION



- ❖ EPSL and EFMLA leave is now optional for employers after December 31, 2020. This means that employees are NO LONGER entitled to the leave even if they have a qualifying reason
- ❖ Employers who choose to offer the paid leaves can still receive a tax credit through March 31, 2021
- ❖ Employees **WILL NOT** get new hours to use--- they can only use the used portion of their original allotment that remains from 2020.

Example: Johnny was entitled to 80 hours of EPSL in 2020. He used 60 hours of that leave in 2020. Johnny would have 20 hours of remaining EPSL to use until March 31, 2021.

FFCRA LEAVE EXTENSION



Important Note About FFCRA Wage Limits: The wage limits for EPSL and EFMLA are still in place for 2021. However, the wage limits will reset for the 1st check date in 2021. **This means that you must review the limits for employees who have leave that was taken in 2020 and extending into 2021.**

Review of Wage Limits for EPSL (Emergency Paid Sick Leave)

1. is subject to a Federal, State, or local quarantine or isolation order related to COVID-19; **(80 hours of EPSL at 100% regular rate of pay up to \$511 per day and \$5,110 in the aggregate)**
2. has been advised by a health care provider to self-quarantine related to COVID-19; **(80 hours of EPSL at 100% regular rate of pay up to \$511 per day and \$5,110 in the aggregate)**
3. is experiencing COVID-19 symptoms and is seeking a medical diagnosis **(80 hours of EPSL at 100% regular rate of pay up to \$511 per day and \$5,110 in the aggregate)**
4. is caring for an individual subject to an order described in (1) or self-quarantine as described in (2); **(80 hours at 2/3 regular rate of pay, up to \$200 per pay and \$2,000 in the aggregate)**
5. is caring for a child whose school or place of care is closed (or child-care provider is unavailable) for reasons related to COVID-19; or **(80 hours of EPSL at 2/3 regular rate of pay, up to \$200 per day or \$2,000 in the aggregate)**
6. is experiencing any other substantially-similar condition specified by the Secretary of Health and Human Services, in consultation with the Secretaries of Labor and Treasury. **(80 hours of EPSL at 2/3 regular rate of pay, up to \$200 per day or \$2,000 in the aggregate)**

FFCRA LEAVE EXTENSION



Review of Wage Limits for EFMLA (Emergency FMLA)

Up to 12 weeks of leave, with the first 10 days unpaid (i.e. substitute EPSL for these 10 days) and subsequent 10 weeks paid at 2/3 the employee's regular rate of pay not to exceed \$10,000 in the aggregate)

Reviewing Current FFCRA Balances



FFCRA Reporting

Navigate to Reporting> Client Reports

- To track FFCRSA hours and dollars balances use the Earning Export Report. Use the date range of 4/1/2020 – 3/31/2021

| Employee Name | Gross Wages | | Paid Gross | | Overtime | | Vacation | | Regular | | Retro Pay | | Commissions | | COVSick-EE 100 | |
|---------------|-------------|----------|------------|----------|----------|---------|----------|---------|---------|----------|-----------|---------|-------------|---------|----------------|---------|
| | Hours | Dollars | Hours | Dollars | Hours | Dollars | Hours | Dollars | Hours | Dollars | Hours | Dollars | Hours | Dollars | Hours | Dollars |
| Employee 1 | 0 | 794.7 | 0 | 794.7 | 0.1 | 1.5 | 40 | 400 | 23.32 | 233.2 | | | | | | |
| Employee 2 | 0 | 10044.98 | 0 | 10044.98 | 11.4 | 163.31 | 48 | 458.4 | 932.23 | 8902.79 | | | | | | |
| Employee 3 | 0 | 30360.47 | 0 | 30360.47 | 49.94 | 1311.68 | 48 | 840.48 | 1471.25 | 25761.59 | 392 | 1176 | 1 | 10 | | |
| Employee 4 | 0 | 632.07 | 0 | 632.07 | | | | | 70.23 | 632.07 | | | | | | |
| Employee 4 | 0 | 1074.15 | 0 | 1074.15 | | | | | 109.5 | 1018.35 | 6 | 55.8 | | | | |
| Employee 5 | 0 | 18879.06 | 0 | 18879.06 | 106 | 1562.99 | 8 | 78.64 | 1530.8 | 15047.76 | 381.25 | 1143.75 | | | | |
| Employee 6 | 0 | 61538.4 | 0 | 61538.4 | | | | | 2000 | 61538.4 | | | | | | |
| Employee 7 | 0 | 6500.72 | 0 | 6500.72 | 4.58 | 65.27 | | | 604.31 | 5740.94 | 69.63 | 208.89 | | | | |
| Employee 8 | 0 | 105 | 0 | 105 | | | | | 7 | 105 | | | | | | |
| Employee 9 | 0 | 57692.4 | 0 | 57692.4 | | | | | 1600 | 57692.4 | | | | | | |
| Employee 10 | 0 | 42307.8 | 0 | 42307.8 | | | | | 1600 | 42307.8 | | | | | | |
| Employee 11 | 0 | 2143.88 | 0 | 2143.88 | | | | | 231.27 | 2143.88 | | | | | | |
| Employee 12 | 0 | 5542.1 | 0 | 5542.1 | | | | | 468.95 | 4806.74 | 134.12 | 489.36 | | | 24 | 246 |
| Employee 13 | 0 | 103.3 | 0 | 103.3 | | | 10 | 103.3 | | | | | | | | |
| Employee 14 | 0 | 6319.69 | 0 | 6319.69 | 1.25 | 17.38 | | | 652.86 | 6052.02 | | | | | | |
| Employee 15 | 0 | 8181.15 | 0 | 8181.15 | | | | | 609.94 | 7319.28 | 180.13 | 603.39 | | | | |

FFCRA LEAVE EXTENSION FAQs



May I offer the EPSL but not choose to offer the EFMLA Leave?

Since the FFCRA leave is now OPTIONAL to employers we believe that it is reasonable to assume that employers may choose NOT to offer the EFMLA leave but may choose to offer only the EPSLA. However, we recommend that you monitor the DOL FAQs for further clarification on this topic.

I used 6 weeks of FFCRA leave between April 1, 2020 and December 31, 2020 b/c my childcare provider was unavailable due to COVID. My employer allowed me to take time off but did not pay me for my last two weeks of FFCRA leave. Is my employer required to pay me for my last two weeks if the FFCRA leave expired?

Yes. Since the leave was take during the period of April 1, 2020 through December 31, 2020 your employer is required to pay you for this leave. The DOL will enforce any claims made for qualified unpaid leave within the statute of limitations (which is two years from the date of the alleged violation or 3 years if the conduct alleged was willful).

Further questions on FFCRA Leave? <https://www.dol.gov/agencies/whd/pandemic/ffcra-questions>

Pittsburgh COVID-19 Sick Leave Ordinance



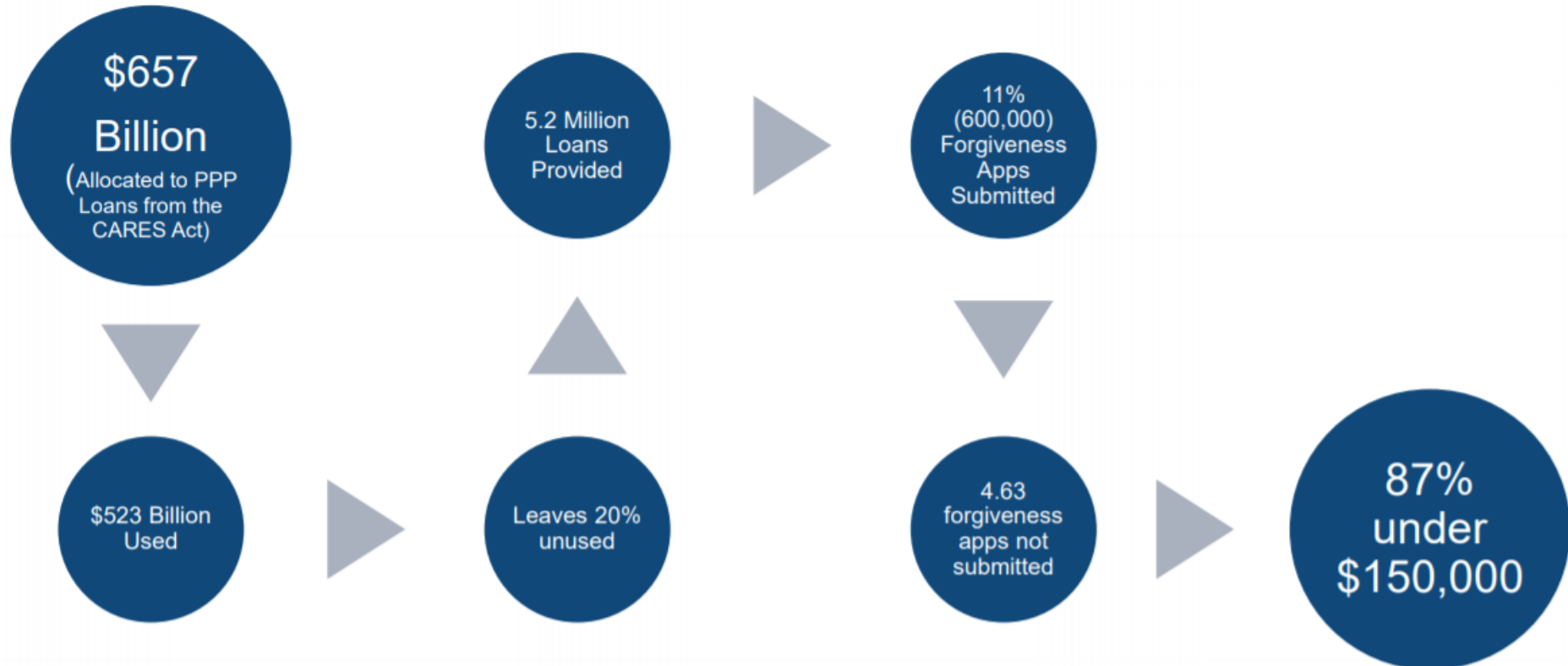
- Signed into law December 9, 2020
- Applies to Pittsburgh employers with at least 50 employees
- **CTR Fact Check:** You may substitute Federal Leave (i.e. FFCRA Leave) in place of the Pittsburgh Paid Sick Leave
- **Who qualifies?**
 - Employees who have been employed for 90 days
 - Employees must work 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

Additional States with Paid Sick Leave or Emergency Leave



- Arizona
- California
- Connecticut
- **Maine- New in 2021**
- Maryland
- Massachusetts
- **Colorado- New in 2021; Paid Sick Leave and Emergency COVID Sick Leave**
- Michigan
- Nevada
- New Jersey
- **New York- New in 2021**
- Puerto Rico
- Oregon
- Rhode Island
- Vermont
- Washington
- Washington D.C.

PPP Loans



PPP Loan Updates- 3508 S Application



- ❖ Applies to loans under \$150,000 (previously \$50,000)
- ❖ Borrower must submit certification to lender:
 - ❖ No more than 1 page in length
 - ❖ Includes the # 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 required to have the form available within 24 days of enactment (3rd week of January 2021)
- ❖ Applies to loans made prior to date of enactment and future loans

PPP Additional Changes



Expanded Uses for PPP Funds (Can Use For Both Prior and Round 2 Loans)

- **Covered Operations Expenditures-** Payments for business software or cloud computing services that facilitates business operations, product or service delivery, the processing, payment or tracking of payroll expenses, HR and billing functions, or account or tracking of supplies, inventory, records and expenses
- **Covered Property Damage Costs:** costs related to property damage and vandalism or looting due to public disturbances that occurred during 2020 that was not covered by insurance
- **Covered Supplier Costs:** Expenditures to a supplier of goods that are essential to the operations of the entity at the time at which the expenditure was made and is made pursuant to a contract or order in effect at any time before the covered period or, with respect to perishable goods, in effect at any time during the covered period.
- **Covered Work Protection Expenditures:** Operating or capital expenditures that allow a business to comply with requirements or guidance issued by the CDC, HHS, OSHA or any state or local government during the period of March 1, 2020 through the date the national emergency is lifted for COVID (PPE, expansion of indoor/outdoor space, ventilation or filtration systems, etc.)

Limitation: 60% of loan must be used for payroll costs

PPP Additional Changes



Original Covered Period Rules: Borrower could elect a 24-Week Covered Period from the date of loan origination (or if the borrower obtained the loan prior to June 5, 2020 borrower could elect an 8 Week Covered Period)

New Rule: Allows borrowers to select **any** covered period between 8 weeks after loan origination date and 24 weeks

It appears this change will also allow borrowers to apply the same selected Covered Period for the FTE and Wage Reduction calculations for Loan Forgiveness (**Under Prior rules the Borrower would still need to apply the wage reduction penalties to the full 24-Week Period if elected**)

PPP Additional Changes



- ❖ **Clarifies that employer-provided group insurance benefits other than Medical are also eligible payroll costs**

- ❖ healthcare benefits (Group life, dental, vision, or disability) fall within the definition of forgivable payroll costs
- ❖ **Note:** If you are not tracking these amounts in the system please notify your support representative so we can add to your loan forgiveness report

- ❖ **Business expenses paid with forgiven PPP loans are now deductible**

- ❖ The original passing of the Cares Act did not allow the deductibility expenses covered by a forgiven PPP Loan
- ❖ This essentially made these loans taxable
- ❖ Eliminates a large tax bill for employers with forgiven PPP Loans

PPP Additional Changes



EIDL Advances Do Not Reduce Forgiveness- Prior SBA rules stated that EIDL advances were to be subtracted from total loan forgiveness. This is now reversed and EIDL advances will no longer reduce loan forgiveness. If you already applied for forgiveness you may be able to amend the forgiveness applications

PPP Loan Amendment to Request Increase in PPP Loan Amount- Act requires the SBA to issue guidance to lenders within 17 days to provide a process for borrowers who returned all or part of their PPP Loan to reapply for the maximum allowable amount so long as none of the loan has been forgiven (May allow borrowers who returned their loan before \$2 million loan necessity safe harbor was in place)

Additional Borrowers Now Eligible-

- ❖ Borrowers in bankruptcy
- ❖ PPP Loan eligibility for Section 501(c)(6) non-profits- Business leagues, chambers of commerce, real estate boards, professional football leagues
 - ❖ No net earnings benefit any private shareholder or individual
 - ❖ Must have less than 300 employees
 - ❖ Additional restrictions on lobbying activities

PPP Second Draw Loans



What is it?

Added \$285 billion for the program. Creates a second loan from the PPP called “PPP Second Draw” loan for smaller and harder-hit businesses, with a max loan amount of \$2 million

1. **Limited to businesses with 300 employees or less**
2. **Must have used the entire amount of first PPP loan or will use such amounts; and**
3. **Had gross receipts during any 2020 Calendar Quarter that were at least 25% less than the gross receipts from the same quarter in 2019**
 1. If you were not in business Q1-Q3 2019 then you can compare Q4 2019 to Q1, 2, or 3 of 2020
 2. If you were not in business in 2019 but were in business before 2/15/20 you can compare 2nd, 3rd, or 4th quarter 2020 to 1st quarter 2020.

Must also still meet the “Necessity” test which means the loan is necessary to support the ongoing operations of the business.

Note: We are still waiting on guidance from the SBA which is required to be issued within **10 days** following the enactment of the Act

PPP Round Two



Loan Calculation:

Up to 2.5x's your average monthly payroll. You may use either:

- (a) The one-year period prior to the date on which the loan was made or
- (a) Calendar year 2019

Max Loan Amount: \$2 Million (First time borrowers is still \$10 Million)

PPP Round Two



Special Calculation for Restaurants and Hospitality (NAICS Code 72)

3.5x's your average monthly payroll. You may use either:

- (a) The one-year period prior to the date on which the loan was made or
- (a) Calendar year 2019

Max Loan Amount: \$2 Million

| Code | Title |
|--------|--|
| 72 | Accommodation and Food Service |
| 7211 | Traveler Accommodation |
| 721110 | Hotels (except Casino Hotels) and Motels |
| 721120 | Casino Hotels |
| 721191 | Bed-and-Breakfast Inns |
| 721199 | All Other Travel Accommodation |
| 7212 | RV Parks and Recreational Camps |
| 721211 | RV Parks and Campgrounds |
| 721214 | RV Parks and Vacation Camps |
| 7213 | Rooming and Boarding Houses, Dormitories, and Worker's Camps |
| 721310 | Rooming and Boarding Houses, Dormitories, and Worker's Camps |
| 7223 | Special Food Services |
| 722310 | Food Service Contractors |
| 722320 | Caterers |
| 722330 | Mobile Food Services |
| 7224 | Drinking Places (Alcoholic Beverages) |
| 722410 | Drinking Places (Alcoholic beverages) |
| 7225 | Restaurants and Other Eating Places |
| 722511 | Full-Service Restaurants |
| 722513 | Limited-Service Restaurants |
| 722514 | Cafeterias, Grill Buffets, and Buffets |
| 722515 | Snack and Nonalcoholic Beverage Bars |

Grants for Shuttered Venue Operators



- ❖ \$15 billion in grants to live performing arts organizations, museum operators, motion picture theatre operators, live venue operators or promoters
- ❖ Gross earned revenue of any calendar quarter of 2020 that is more than a 25% decline in gross earned revenue during the same period in 2019
- ❖ As of the date of the grant, the entity must be open or intending to open

Employee Retention Tax Credit Changes Overview



| | Cares Act– Prior 2020 Law | Appropriations Act- New 2021 Law |
|-------------------------------------|--|--|
| Credit Calculation | 50% of qualified wages with a \$5,000 annual cap for wages paid in 2020. Qualified wages are defined differently for employers with over 100 FT employees. | 70% of qualified wages with a \$7,000 cap per quarter (Max credit of \$14,000 for 1 st and 2nd quarter)** |
| Eligibility for Credit | Business fully or partially suspended due to COVID lockdown order or gross receipts < 50% of same 2019 quarter | Business fully or partially suspended due to COVID lockdown order or gross receipts < 80% of same 2019 quarter. |
| Eligibility of PPP Borrowers | Not eligible | Eligible but cannot “double dip” eligible wages for PPP Loan Payroll costs and eligible retention credit wages** |
| Employer size thresholds | Employers of any size were eligible; however employers who had over 100 FT employees in 2019 could only claim credits for employees who paid and were NOT working. | Employers with 500 or less FT employees in 2019 may claim credits for eligible wages for all employees regardless of whether or not they were working. |
| Expiration | Ended December 31, 2020 | Expires July 1, 2021 |
| Government Organizations | Not eligible | Certain governmental orgs are eligible** |

Section 206 of Taxpayer Certainty & Disaster Relief Act



Companies with a 2020 PPP Loan may Retroactively Claim the Credits

Section 206 of the Taxpayer Certainty and Disaster Relief Act: This changes WHO may claim the credit for the period of **March 12, 2020 through December 31, 2020**

New Change: You may claim the ERTC for the period of March 12, 2020 through December 31, 2020 but **you may not claim the ERTC for the same wages that you will use to apply for PPP Loan Forgiveness.**

What it DOES NOT Change: The computation of the tax credit. If you are going back to retroactively claim tax credits you must use the same calculation method for 2020. You also must use the same eligibility requirements.

Employee Retention Tax Credit 2020 Credit Calculation



Credit Calculation: 50% of up to \$10,000 of qualified wages which includes the allocable share of healthcare costs. This amounts to \$5,000 per employee for wages paid between March 12, and December 31, 2020 during a calendar quarter in which the business meets the eligibility requirements

More than 100 FT EES for 2019

You may only claim credits for wages paid to employees who were NOT providing services. In other words, if you paid people who are not working you can claim credits. You CAN claim credits for healthcare costs that you continued to pay for employees who were not working.

Less than 100 FT EES for 2019

You may claim credits for all wages and allocable share of healthcare costs paid to an employee during an eligible quarter.

Calculation for Employer with less than 100 FTEs in 2019- $50\% \text{ of } \$8,000 + \$10,000 + \$10,000 = \$14,000$

| | Wages* | Fed withholding | ER SS Tax | ER Medicare | EE SS Tax | EE Medicare |
|--------|----------|-----------------|-----------|-------------|-----------|-------------|
| A | \$8,000 | \$1,000 | \$496 | \$116 | \$496 | \$116 |
| B | \$10,000 | \$1,500 | \$620 | \$145 | \$620 | \$145 |
| C | \$15,000 | \$2,000 | \$930 | \$217 | \$930 | \$217 |
| Totals | \$33,000 | \$4,500 | \$2,046 | \$478 | \$2,046 | \$478 |

*includes allocable health care costs

2020 Employee Retention Tax Credit Eligibility



(1) Fully or Partially Suspended by Government Order

Multiple Scenarios and FAQs posted by the IRS answering what is considered fully or partially suspended by Government Order

<https://www.irs.gov/newsroom/covid-19-related-employee-retention-credits-determining-when-an-employers-trade-or-business-operations-are-considered-to-be-fully-or-partially-suspended-due-to-a-governmental-order-faqs>

You may only claim credits for wages paid during the period during the quarter that the business was actually suspended

(2) Experiencing a 50 % Reduction in Gross Receipts when compared to the same 2019 calendar quarter

<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#determining-when-employer-considered-have-significant-decline-in-gross-receipts>

You may claim credits for the 1st quarter your gross receipts were less than 50% of the same 2019 quarter's gross receipts and you may continue to claim the credits until the receipts have returned to at least 80% of what they were for the same quarter in 2019.

Applying the Credit Retroactively for PPP Borrowers



If you meet the qualifications in the prior slides you can go back and claim your credits for 2020!!

Potential Example– Further Clarification Will be Required by IRS

Foodie Restaurant laid off its employees on March 13, 2020. From March 13th through April 30, 2020 there was a government order restricting in-person dining. Foodie Restaurant obtained a PPP Loan on May 1, 2020 and used a 24-Week covered period. Foodie restaurants used the Payroll Costs (i.e. wages paid to employees) from May 1, 2020 through October 16, 2020 to obtain Loan Forgiveness. Also, in 2020 there were the following additional government restrictions on restaurants in Foodie's State.

Restaurants Limited to 25% capacity through September 21st

Restaurants Limited to 50% capacity through December 11th

Restaurants restricted to outdoor dining and takeout through January 4, 2021

2020 Retention Tax Credit- Since Foodie Restaurant was fully or partially suspended by a government order from March 13th through December 31, 2020 Foodie Restaurant may go back and claim employee retention tax credits for employees for all periods of 2020 with the exception of May 1, 2020 through October 16, 2020 as the payroll costs for that period were used for PPP Loan Forgiveness.

Applying the Credit Retroactively for PPP Borrowers



Questions Still Unanswered

Question 1: What if an employer received a PPP Loan of \$500,000. The employer is using a 24-week Covered period of wages as payroll costs to apply for PPP Loan forgiveness which totals \$800,000. These wages would have also qualified as ERTC eligible wages. Would the employer be entitled to claim ERTC credits on the wages over and above the \$500,000 needed to satisfy the PPP Loan Forgiveness or would all wages from the 24-Week Covered Period be excluded from ERTC credits?

Question 2: What about employers who already applied for PPP Loan Forgiveness? Are they able to make an election to count excess payroll costs in the PPP Forgiveness that has already applied for?

How will you retroactively claim the credits?



Answer: The Act does not clearly say. It does state an employer who has filed a payroll tax return BEFORE the date of enactment of the latest relief bill may elect to treat any “applicable amount” as an amount paid in the calendar quarter which includes the date of enactment of the relief bill which would be the 4th quarter of 2020.

What we also presume: We presume that you will be able to have CTR go back and file Amended Return for the quarters of 2020 that the credit would apply. CTR would apply the credit to the amended 941 return and mark it a “refund.”

The Act Requires the IRS to Provide Guidance!!!

2021 Employee Retention Tax Credits: New Rules for 2021



Covered Period: January 1, 2021 through June 30, 2021

Credit Calculation:

70% of qualified wages with a maximum amount of creditable wages of \$10,000 **PER Quarter**

EX: If an employee was paid \$10,000 of wages in Q1 the credit is \$7,000 and if the employee is paid \$10,000 in Q2 the credit is another \$7,000

Employer with Over 500 FT Employees in 2019

Can only claim credits for wages paid to employees who were NOT Working

Employer with Under 500 FT Employees in 2019

Can claim credits for all employees qualified wages whether or not they were working

2021 Employee Retention Tax Credits



1) Fully or Partially Suspended by Government Order- **The requirements for this have not changed**

Multiple Scenarios and FAQs posted by the IRS answering what is considered fully or partially suspended by Government Order

<https://www.irs.gov/newsroom/covid-19-related-employee-retention-credits-determining-when-an-employers-trade-or-business-operations-are-considered-to-be-fully-or-partially-suspended-due-to-a-governmental-order-faqs>

You may only claim credits for wages paid during the period during the quarter that the business was actually suspended

(2) Experiencing **more than a 20 % Reduction in Gross Receipts** when compared to the same **2019** calendar quarter

You may also have the option to meet the gross receipts test by looking at the immediately preceding calendar quarter and comparing that to the same quarter in 2019. This would be Quarter 4 of 2019 compared to Quarter 4 of 2020. If there is a drop of more than 20% then Quarter 1 of 2021 would be eligible.

2021 Employee Retention Tax Credits: Claiming the Credits



How Do you Claim the Credits for 2021?

Option 1 (Best Practice): CTR currently provides a Cares Act Employee Retention Tax Credit Report in iSolved. This report will provide your total credits for the payroll. You enter the credits on the Business Credits Tax Screen. This credits will offset your payroll tax liability for the payroll---- This provide an immediate cash refund to you. *The Current Retention Credit Report Must be Updated for New 2021 Calculations*

Option 2: Employers with fewer than 500 FTEs may elect for any calendar quarter to receive an advance payment of the credit for that quarter in an amount not to exceed 70% of the average quarterly wage paid by the employer in 2019. This advance credit would need to be reconciled against the actual credit.

Note: If you plan to get a second draw PPP Loan it is crucial that you plan that the PPP Payroll Costs cannot also be claimed as a Retention Credit during the covered period

Cares Act 2020 Employee Retention Tax Credit Report



Bridget2 Escobar

Search the menu

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SECURITY

Client: 1000 - Acme Corporation

Client Reports

Report Category: All

Search: Filter

| Output Name | Report Type |
|---|----------------|
| Benefit Statement | As Of Date |
| Biweekly Certified Payroll Report | By Payroll Run |
| Broker Census with Dependents | By Payroll Run |
| Broker Census with Dependents | As Of Date |
| CA Retirement Savings - Contributions | By Payroll Run |
| CA Retirement Savings - Contributions FTP | By Payroll Run |
| CA Retirement Savings - Initial Census | As Of Date |
| CA Retirement Savings - Ongoing Census | By Payroll Run |
| CA Retirement Savings - Ongoing Census FTP | By Payroll Run |
| CARES Act Retention Credit Report < 100 ees | By Payroll Run |
| CARES Act Retention Credit Report > 100 ees | By Payroll Run |
| CARES Paycheck Protection Program Report | Date Range |
| 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, or cancel the report. The report will be available in My Reports Queue for 72 hours.

CARES Act Retention Credit Report < 100 ees

Draft disclaimer: The use of this report requires you to accurately determine, calculate, and enter the qualified wages and qualified health plan expenses eligible for the Employee Retention Credit as defined by the CARES Act and the IRS.

Filtering

Company: 1000 - Acme Corporation

Pay Group: Semi

Payroll: Regular Payroll - Pay Date: 8/12/2019 (Run #110)

Sorting

Org Display 1

Org Display 2

Sort Field 3:

Scheduled Sort: None

NOTE: This report is only for 2020 Employee Retention Tax Credit Calculations. If you would like this report added email bridget.escobar@ctrhcm.com

When running the report, choose the first pay date that you would like to claim the credit for. The report will automatically generate the rest of the credit calculation for the 2020 year

Remember Pay Periods used for PPP Loan Forgiveness must be eliminated

Options for Employers:

Carryovers- Employers may permit FSA participants to carry over any unused benefits or contributions remaining in their Health FSAs to plan years ending in 2021. Unused amounts in 2021 may be carried over into plan years ending 2022.

Extension of Grace Periods- For plan years ending in 2020 or 2021, an employer may extend the grace period up to 12 months during which a participant may incur expenses against unused benefits or contributions remaining in the health FSA. **(You may not have both a carryover feature and a grace period)**

Post-Termination Reimbursements- For an employee who stops participating in an FSA in 2020 or 2021, the employer may permit the participant to continue to receive reimbursements from unused benefits or contributions through the end of the plan year.

An employer plan sponsor that wishes to make any of these options available must amend its plan to reflect the changes.

Payroll Tax Deferral- Repayment Timeline



What is it?

- Effective 9/1/2020, employers were provided a voluntary option to not withhold **employee social security tax** through the end of 2020
- Taxes were originally due by 4/30/2021

What's New?

- Timeline for repayment has now been extended to 12/31/2021
- Employer continues to be responsible for paying the taxes and obtaining reimbursement from the affected employees

Questions?



You can Send your Questions To:
bridget.escobar@ctrhcm.com