

From the Desk of Mark Dresser, Practice Director, Employer Solutions

As we all move forward together, on our collective and individual Coronavirus journeys, Net at Work, and our team members, would like to thank all of our clients for your patience and engagement while we navigate all of the impacts to your organizations and workforce employees. There has been floods of information being reviewed on the Family First Coronavirus Response Act (FFCRA) and now the Coronavirus Aid, Relief, and Economic Security Act (CARES). Please know that our teams have continued to engage with all published information, partners, and vendors to ensure we provide the best possible position for our clients to successfully navigate and manage all employer provisions and requirements as applicable.

As a reminder, the following are a few of the high level provisions issued under FFCRA and CARES that Net at Work is continuing to work through to assist our clients:

** This is an overview summary only. It should not be viewed as definitive or legal guidance on employer's obligations*

Families First Coronavirus Response Act:

- Applies to businesses with less than 500 employees and more than 50 employees
- Sick and family leave pay covered under this Act are considered taxable wages but exempt from employer social security taxes
- Employees who have been employed for at least 30 calendar days are eligible for up to 12 weeks of job protected leave
- Paid FMLA leave is available when an employee is unable to work because they need to care for a child under 18 whose school or daycare has been closed due to COVID-19
- Paid sick leave of up to 80 hours is available to full-time employees, regardless of how long they have been employed by the employer. Part-time employees are eligible based on the average number of hours worked (including leave) over a 2-week period over the last 6 months.

Coronavirus Aid, Relief, and Economic Security Act:

- Delay of Employer Payroll Taxes
 - CARES postpones the due date for depositing employer payroll taxes related to Social Security and Railroad Retirement and attributable to wages paid during 2020. The deferred amounts would be payable over the next two years – half due December 31, 2021, and half due December 31, 2022.
- CARES provides a few clarifications and makes modest changes to FFCRA provisions in the previous relief package. In terms of clarifications, the new package clarifies that the \$200 per day/\$10,000 total cap on paid leave is **per employee**, which was omitted from FFCRA.

Please note that our teams understand that as part of CARES there are several business related provisions to provide employers options, and benefits, which may allow them to stay open and keep more people employed. We encourage you to follow the [IRS Coronavirus Tax Relief](#) page and the [SBA Coronavirus Loan Resources](#) page, as well as consult with your tax professional or financial advisor. The Paycheck Protection Program [application](#), as included in the CARES Act, is now available and we encourage your review. This program will provide the much needed financial resources for business leaders like you to keep your employees paid, your business going and the economy moving as we navigate through the COVID-19 pandemic.

Net at Work is developing resources to assist small and medium size businesses to take advantage of the grants and loans. Some examples of those are as follows:

- Small businesses may be eligible for emergency grants of up to \$10,000 to cover immediate operating costs
- The Small Business Administration (SBA) may provide loans of up to \$10 million per business; any portion of that spent to pay employees, keep workers on payroll, or pay for rent, mortgages, or existing debt could be forgiven, provided workers remain employed through the end of June
- Small businesses with existing SBA loans may have up to six months of payments waived
- Businesses who have experienced a decline in gross receipts of 50% as compared to the same quarter of 2019 or who have been fully or partially shutdown by order may be eligible to receive a refundable tax credit for 50% of *qualified* employee wages up to \$10,000 per employee. This is unrelated to the dollar-for-dollar payroll tax credit that can be taken for FFCRA leaves

Net at Work has not lost focus that the new provisions and regulations that went into effect on April 1st, 2020. The Department of Labor (DOL) continues to release new guidance on administering FFCRA Leaves as well as announced it will not bring enforcement actions against employers for violations prior to April 17, 2020 providing that the employer has made reasonable, good faith efforts to comply. You can read more about the brief non-enforcement period [here](#).

For new guidance on administering FFCRA from the DOL we strongly recommend clients read through the entire [Questions and Answers document](#) so you have an understanding of how the leaves work. The following are some highlights from the updated guidance:

- Leaves are not available to employees with reduced hours, furloughed employees, or employees whose workplaces are closed. See questions 23-28.
- Leaves are not available to employees whose workplaces are closed due to a federal, state, or local shelter-in-place or stay-at-home orders, or due to business slowdowns. See question 23.
- Leaves (and payroll tax credit) are not retroactive. Employees are not entitled to pay under these leaves if they were absent or out of work (for any reasons) prior to April 1. See question 13.
- Both emergency paid sick leave (EPSL) and emergency Family and Medical Leave (EFMLA) can be taken on an intermittent basis in certain situations. See Questions 20-22 for explanations about when intermittent leave is allowed.
- Employees may not be required to use other forms of paid leave prior to or concurrently with EPSL or EFMLA. See questions 32 and 33.
- Employers should keep documentation to show that employees who received leave were actually in need of leave. The documentation requirements will be outlined in soon-to-be-released IRS guidance. See Questions 15 and 16.

Net at Work has developed guidelines for managing the following for the FFCRA and CARE provisions in Sage HRMS and Abra Suite:

- Creating new time off policies
 - If applicable and the Sage HRMS or Abra Suite Paid Time Off is module is utilized
- COVID-19 earning types
 - Net at Work can provide instructions on setting up the following types of earnings in Sage HRMS and Abra Suite:
 - Emergency Paid Sick Leave (hourly)

- Emergency Paid Sick Leave Reduced (2/3)
 - Emergency Paid Sick Leave Expanded (hourly)
 - Emergency Paid Sick Leave Flat Amount
 - Emergency Paid Sick Leave Reduced Flat
- Clients must determine eligibilities for the tax credit
- Configure the new earning codes and goal amounts
- Enforce daily limits – may be accomplished through payroll reports
- Determine rate of pay if base compensation rates are not used
- COVID-19 earning code guidelines
 - New earning codes should be set up to calculate, track, and report compensation eligible for federal tax credits under FFCRA
 - Earnings for tax credit apply to leave taken between April 1, 2020 and December 31, 2020
 - Clients with less than 500 employees are eligible for the tax credit and should use these codes
 - Clients wishing to track COVID-19 earnings not eligible for tax credit can also create and use these earning codes
 - Clients wishing to pay their employees the full rate of pay should use these earnings codes only for the portion that is eligible for tax credits. The remainder should be covered under the regular earning code.
- COVID-19 tax credits
 - The COVID-19 earning codes should be created with the following taxability:
 - Fully taxable for all federal taxes with exception of Social Security (OASDI)
 - OASDI employee wages and taxes will be calculated and withheld
 - OASDI employer wages will be calculated, no taxes will be withheld
 - Fully taxable for all state and local jurisdictions
 - All COVID-19 earning code taxability can be overridden
 - All COVID-19 earnings will be used to offset federal tax liabilities calculated in each payroll
 - Crystal (custom) payroll reports should be modified to reflect new earning codes

Our team at Net at Work are prepared to work with and support our clients on all of these items. We also understand that clients may offering welfare and health benefits to their workforce outside, and in conjunction with, FFCRA and CARES. Our teams are available to assist with those requirements as well.

Additional Resources from Net at Work

Join our weekly webcast, “HR/Payroll: COVID-19 (Coronavirus) Updates”, by clicking on the link [here](#). These sessions take place from 1 -2:30 PM every Friday and are currently scheduled through May.

We are creating a series of weekly webcasts designed to inform and educate you on COVID-19 and its business impact. These online web sessions will allow HR and Payroll teams to meet virtually to discuss continuity, create plans to comply with government regulations (like the Families First Coronavirus Response Act), and transfer knowledge to empower each other through this crisis. The content of these sessions will be evolving weekly to best meet the questions and needs of our clients. Check you email or speak with your Account Manager about this week’s topic.

In addition to this webinar series, the Employer Solution's Practice will create a weekly bulletin that will be sent out via email. This bulletin will go along with the webinar series with the intent to provide the information and resources needed to create strategies to respond to this crisis. Throughout the sessions we will provide breaking news, guidelines on legal updates, host panel discussions, all designed to elevate the value you bring to your organization.

Please continue to monitor our communications, which will provide updates as soon as more information and resources are available. Contact your Net at Work Account Manager or me if you have additional questions, thoughts or concerns.