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COVID-19 RELIEF

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PAYROLL TAX CREDITS

HOW TO CALCULATE and APPLY FOR CREDITS AND REFUNDS

FAMILIES FIRST CORONAVIRUS RESPONSE ACT [FFCRA]- H.R. 6201
EFFECTIVE APRIL 1, 2020 through DECEMBER 31, 2020

EMPLOYEE RETENTION CREDIT

[Effective March 27, 2020]

ELIGIBILITY

To receive credit, employer must meet either of these criteria:

1. Business was fully or partially suspended during one or more calendar quarters due to orders from appropriate government authority limiting commerce, travel, or group meetings.
2. Business experienced significant decline in gross receipts for one or more calendar quarters while business remained open. Significant decline is specified as less than 50% of gross receipts for the same quarter in the prior year.

EXCEPTIONS

This program is not available to small businesses who take the Paycheck Protection Program small business loans. Additionally, it will not be eligible for wages upon which another tax credit is allowed from the FFCRA or Wage Opportunity Tax Credit.

QUALIFICATIONS

1. If the employer's average number of full-time employees in 2019 was 100 or less, qualified wages will include wages paid during the shutdown [item 1 above] or wages paid during significant decrease [item 2 above], without regard to whether the employee provided services to the employer during this time or not.
2. If the employer's average number of full-time employees in 2019 was greater than 100, qualified wages will include wages paid during the shutdown [item 1 above] or wages paid during significant decrease [item 2 above] for those wages paid to employees that worked during this time.

CALCULATION

Maximum amount of qualified wages is \$10,000 per employee for all calendar quarters. Maximum credit is \$5,000. [50% of qualified wages].

USAGE

1. Fully refundable credit that applies to employer portion of Social Security tax.
2. Excess credit may be used to offset other payroll tax liability [i.e., FITW, etc.].

REPORTING

Credit taken on Form 941 or Form 7200.

OVERVIEW

CARES ACT- EMPLOYEE RETENTION and DEFERRED SOCIAL SECURITY TAX

PAYROLL TAX DEFERRAL

[Effective March 27, 2020]

ELIGIBILITY

Nearly all employers and self-employed individuals that are liable for Social Security tax are eligible.

EXCEPTIONS

Employers who have received the Payroll Protection Program loan, are eligible up until the date that the lender issues a decision to forgive the loan. After this date the employer will no longer be eligible to defer deposit however the amount deferred up until this time continues to be deferred to the applicable dates described below. Employer will be responsible to provide the program end date in reasonable and timely manner to the payroll support team.

Additionally, it will not be eligible for wages upon which another tax credit is allowed from the FFCRA or Wage Opportunity Tax Credit.

CALCULATION

Any amount of the employer's portion of Social Security tax not taken by the FFCRA or Employee Retention Credits can be deferred through December 31, 2020.

PAYBACK

1. First payment is delayed until December 31, 2021.
2. Second payment is delayed until December 31, 2022.

IMPORTANT REMINDERS

Families First Coronavirus Response Act (FFCRA) is only applicable for employers with less than 500 employees, including public employers.

Refundable payroll tax credits are NOT applicable for public or government employers.

Employers receiving a payroll tax credit will be required to add the total credit amount for 2020 to their annual taxable gross income.

EMERGENCY SICK LEAVE and EMERGENCY FMLA EXPANSION LEAVE must be provided to employees before and in addition to other available paid time off.

Following April 1, 2020, employers will have a 30-day "non-enforcement period" with the IRS, recognizing any good faith effort to comply.

EMPLOYEE RIGHTS

PAID SICK LEAVE AND EXPANDED FAMILY AND MEDICAL LEAVE



The Families First Coronavirus Response Act (FFCRA or Act) requires certain employers to provide their employees with paid sick leave and expanded family and medical leave for specified reasons related to COVID-19. These provisions will apply from April 1, 2020 through December 31, 2020.

PAID LEAVE ENTITLEMENTS

Generally, employers covered under the Act must provide employees:

Up to two weeks [80 hours, or a part-time employee's two-week equivalent] of paid sick leave based on the higher of their regular rate of pay, or the applicable state or Federal minimum wage, paid at:

- 100% for qualifying reasons #1-3 shown to the right, up to \$511 daily and \$5,110 total;
- 2/3 for qualifying reasons #4 and 6 shown to the right, up to \$200 daily and \$2,000 total; and
- Up to 12 weeks of paid sick leave and expanded family and medical leave paid at 2/3 for qualifying reason #5 on the qualifying reasons list included for up to \$200 daily and \$12,000 total.

A part-time employee is eligible for leave for the number of hours that the employee is normally scheduled to work over that period.

ELIGIBLE EMPLOYEES

In general, employees of private sector employers with fewer than 500 employees, and certain public sector employers, are eligible for up to two weeks of fully or partially paid sick leave for COVID-19 related reasons [see list to the right]. Employees who have been employed for at least 30 days prior to their leave request may be eligible for up to an additional 10 weeks of partially paid expanded family and medical leave for reason #5 on the qualifying reasons list included.

ENFORCEMENT

The U.S. Department of Labor's Wage and Hour Division (WHD) has the authority to investigate and enforce compliance with the FFCRA. Employers may not discharge, discipline, or otherwise discriminate against any employee who lawfully takes paid sick leave or expanded family and medical leave under the FFCRA, files a complaint, or institutes a proceeding under or related to this Act. Employers in violation of the provisions of the FFCRA will be subject to penalties and enforcement by WHD.

QUALIFYING REASONS FOR LEAVE RELATED TO COVID-19

An employee is entitled to take leave related to COVID-19 if the employee is unable to work, including unable to telework, because the employee:

- 1 is subject to a Federal, State, or local quarantine or isolation order related to COVID-19;
- 2 has been advised by a health care provider to self-quarantine related to COVID-19;
- 3 is experiencing COVID-19 symptoms and is seeking a medical diagnosis;
- 4 is caring for an individual subject to an order described in (1) or self-quarantine as described in (2);
- 5 is caring for his or her child whose school or place of care is closed [or child care provider is unavailable] due to COVID-19 related reasons; or
- 6 is experiencing any other substantially-similar condition specified by the U.S. Secretary of Health and Human Services [HHS]

WAYS WE CAN HELP

CARES ACT- EMPLOYEE RETENTION and DEFERRED SOCIAL SECURITY TAX

RELIEF CONSULTING and ADVISORY

Customized guidance specific to your unique situation . . . **\$200 Per Hour**

FORM 7200 and QUARTERLY SERVICES

OPTION I **\$85 Per 7200 Filing**

BerganKDV tracks and submits Form 7200 at the frequency of your choosing and reconciles to the Form 941

\$50 Additional on the Form 941

OPTION II **\$200 Per Hour**

Client tracks and files Form 7200 and sends copies to BKDV for quarterly reconciliation

OPTION III **\$50 Additional Per Filing**

Client waits until filing along with the Form 941.

TAX DEPOSIT DELAY

Delayed Deposit Registration \$50 One-Time Fee

Delayed Deposit Processing \$20 Per Payroll Run

*We will help remit the future deferrals upon due date.



BENEFIT PAYMENTS and COLLECTION SERVICE

Payments and Collections is your answer to facilitating collection of payments (arrear collections) for benefits or mandatory services from employees on reduced payroll, furloughed, or on leave so employees will no longer fear lapsing on their policies and other financial obligations. The solution lets you stay on top of every aspect of payments and collections with real-time, continuous and proactive updates.

- Quickly set up new payments to be collected with ability to specify unlimited number of services and payments granular reporting
- Multi-level management to track payments from employees to employers as well as Third Party Administrator fees
- Real-time monitoring of the payments and collections
- Real-time graphics display the status of all payments and collections

FEES

- \$250 setup [for existing EverythingBenefits customers]
- \$750 setup [for non-existing EverythingBenefits customers]
- \$5 Per Employee Per Month, meaning only employees who log in and use the payment portal.

Takes less than a week to set up!

EMPLOYEE RETENTION CREDIT

Employee Retention Credit Setup \$200 One-Time Fee
[Requires one of the Form 7200 options above]



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