

Understanding Available COVID-19 Relief Options for Businesses



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Families First Coronavirus Response Act

- 2 Types of Leave
 - 2 Week Paid Sick Leave
 - 10 Week Paid Family & Medical Leave
- Wages Paid During 4/1-12/31/20
- For all employers under 500 employees
 - Exclusion for those under 50 if meet certain items
- Employers receive 100% refundable payroll tax credit of wages paid and employer match of Medicare (employer not subject to social security match)



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CARES Act

- Retention Credit
- Payroll Tax Deferral
- SBA Paycheck Protection Program



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Retention Credit

- Refundable payroll tax credit
- 50% of up to \$10k in wages including healthcare costs per employee
- Paid from 3/12/20-12/31/20
- If more than 100 employees, only wages of furloughed or reduced-hour employees
- Ineligible if receiving PPP loan forgiveness
- Form 7200 for advance payments

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Payroll Tax Deferral

- Deferral of employer share of 6.2% social security tax
- Applies to tax on wages paid 3/27/20-12/31/20
- Repayment
 - 50% of deferred amount due 12/31/21
 - Remaining amount due 12/31/22
- Ineligible if receiving PPP loan forgiveness
- Apply retention credit first



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SBA PPP Loans

- SBA 7(a) Loan
- \$359 billion available – used up at this point
- Funds can be used for payroll costs, rent, utilities and interest on mortgages between 2/15-6/30/20
- Available to under 500 employees or SBA sized standard, with exceptions for NAICS 72
- 2.5 times average monthly payroll costs
- 100% federal guarantee
- 100% forgiveness is possible

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SBA PPP Guidance

- Interim Final Regulations issued April 2, 2020 stated that additional guidance would be written on forgiveness.
- As of date of webinar there is still no guidance specifically addressing forgiveness.



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Three Provision Requirements

- 75/25 requirement
- Full Time Equivalent (FTE) Requirement
- 25% Reduction in Wages Requirement

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75/25 Rule

- At least 75% of Total Forgivable Expenses Must be Spent on Payroll

Total Loan Amount: \$150,000		
		% of Total Loan Amount
Included Payroll Costs	\$120,000	80.00%
Utilities	\$10,000	6.67%
Rent	\$20,000	13.33%
Meets Requirement		

Total Loan Amount: \$150,000		
		% of Total Loan Amount
Included Payroll Costs	\$100,000	66.67%
Utilities	\$15,000	10.00%
Rent	\$35,000	23.33%
Does Not Meet Requirement		

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Increasing Payroll to 75%

- Employee Bonuses
 - Need to keep in mind the \$100,000 annualized cap



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Full Time Equivalent (FTE) Requirement

- 8 Week Period Average FTE divided by:

Option 1: Average # of FTEs per month from Feb. 15, 2019 to June 30, 2019

Option 2: Average # of FTEs per month from Jan. 1, 2020 to Feb. 29, 2020

- Goal is to be at or above 1 after calculation
 - 1 or above = no reduction in forgiveness amount

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25% Reduction in Wages Requirement

- Calculated per employee

Employee Name	2019 Annual Compensation	Excluded Due to Compensation over \$100K or Reduction is Less than 25%	YTD Gross Wages Earned as of March 31 (1/1/20 - 3/31/20)	YTD Gross Wages Earned as of Date of Loan Disbursement (1/1/20 - X/XX/20)	YTD Gross Wages Earned as of End of 8 Week Period (1/1/20 - X/XX/20)	Amount Earned During Covered Period	% Reduction on Lookback period	Max % of Allowed Reduction	Reduction Amount
Employee 1	\$65,000.00		\$10,000.00	\$11,000.00	\$17,000.00	\$6,000.00	-40%	25%	(\$1,500.00)
Employee 2	\$325,000.00	X	\$50,000.00	\$60,000.00	\$80,000.00	\$20,000.00	-60%	25%	
Employee 3	\$97,500.00	X	\$15,000.00	\$18,000.00	\$32,000.00	\$14,000.00	-7%	25%	
Totals	\$487,500.00		\$75,000.00	\$89,000.00	\$129,000.00	\$40,000.00			(\$1,500.00)

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