



Payroll Credits for Small Business Owners

As of April 1, if you have employees who are unable to work as of because of COVID-19 quarantine or self-quarantine or have COVID-19 symptoms and are seeking a medical diagnosis, you may receive a refundable sick leave credit for sick leave at the employee's regular rate of pay, up to \$511 per day and \$5,110 in the aggregate, for a total of 10 days.

For employees who are caring for someone with COVID-19 or are caring for a child because the child's school or child care facility is closed, or the child care provider is unavailable for reasons related to COVID-19, you may claim a credit for two-thirds of the employee's regular rate of pay, up to \$200 per day and \$2,000 in the aggregate, for up to 10 days.

You are entitled to an additional tax credit that is determined based on costs to maintain health insurance coverage for the eligible employee during the leave period.

If you have fewer than 50 employees, you are eligible for an exemption from the requirements to provide leave to care for a child whose school is closed, or whose child care provider is unavailable in cases where the viability of the business is threatened.

Employee Retention Credit

Employers are provided a refundable payroll tax credit for 50% of wages paid to employees during the COVID-19 crisis. The credit is available to employers whose:

- Operations were fully or partially suspended due to a COVID-19-related shutdown order, or
- Gross receipts declined by more than 50% when compared to the same quarter in the prior year.

The credit is based on qualified wages paid to the employee. For employers with greater than 100 full-time employees, qualified wages are wages paid to employees when they are not providing services due to the COVID-19-related circumstances described above. For eligible employers with 100 or fewer full-time employees, all employee wages qualify for the credit, whether the employer is open for business or subject to a shut-down order.

The credit is provided for the first \$10,000 of compensation, including health benefits, paid to an eligible employee. The credit is provided for wages paid or incurred from March 13, 2020 through Dec. 31, 2020.

Delay of Payment of Employer Payroll Taxes

Employers and self-employed individuals can defer payment of the employer share of the Social Security tax they otherwise are responsible for paying to the federal government with respect to their employees. Employers generally are responsible for paying a 6.2% Social Security tax on employee wages.

The provision requires that the deferred employment tax be paid over the following two years, with half of the amount required to be paid by Dec. 31, 2021 and the other half by Dec. 31, 2022. The Social Security Trust Funds will be held harmless under this provision.

Small Business Loans (Paycheck Protection Program)

The SBA is providing low-interest working capital loans of up to \$2 million to small businesses and nonprofits affected by the coronavirus. These loans carry an interest rate of 3.75% for small businesses and 2.75% for nonprofits. Loan repayment terms vary by applicant, up to a maximum of 30 years.

- Payments are deferred up to six to 12 months, subject to lender and borrower negotiations
- It is possible that part of the loan may be forgiven and not counted as income to you, if it's spent during the first eight weeks on operating expenses. Loans may be forgiven when the proceeds are used for any of these costs (Rules on forgiveness are not yet published by the SBA):
 - Payroll costs, excluding prorated amounts for individuals with compensation greater than \$100,000
 - Rent pursuant to a lease in force before February 15, 2020
 - Electricity, gas, water, transportation, telephone, or internet access expenses for services which began before February 15, 2020
 - Group health insurance premiums and other healthcare costs.