



Robert R. Roback, Sr. CPA, CFS, CFA In Memory of (1956-2011)
Daniel R. Kumlander, CPA
Jeffrey D. Donofrio, MBA, CPA
Kenneth E. Hay, CPA, CVA
Timothy W. Pehl, CPA, CFP®

Dear Clients,

The following is an update to an earlier release we issued related to the **Paid Sick Leave and Expanded Family and Medical Leave Acts**. **There are some significant adjustments made to the original acts that may affect your obligations to payroll as a small business owner.** We recommend that you visit the U.S. Department of Labor questions and answers site at <https://www.dol.gov/agencies/whd/pandemic/ffcr-a-questions> prior to April 1, 2020 to gain a thorough understanding of the act. We have also provided a brief summary of the Corona Aid, Relief, and Economic Security (CARES) Act.

Update to our March 26, 2020 release:

- 1. In short, your employee is eligible for the Paid Sick Leave Act if you have work for your employee and one of the COVID-19 qualifying reasons prevents your employee from performing the work.**
- 2. If you closed your business prior to April 1, 2020 your employees are not eligible under the acts even if it was due to a Federal, State or local directive.**
3. If you furlough an employee they are not eligible for payroll under the acts.
4. Payroll under the acts are not retroactive.
5. We have attached a poster that must be displayed at your workplace and/or provided to your employees by e-mail prior to April 1, 2020. The poster can also be found online at https://www.dol.gov/sites/dolgov/files/WHD/posters/FFCRA_Poster_WH1422_Non-Federal.pdf
The requirement is established to notify employees of their rights under the Acts.
6. The U.S. Department of Labor is allowing until April 17, 2020 for employers to be in compliance with both Acts. You must be able to show that you have made a good faith effort to comply with the Acts if you are not in compliance between April 1 and April 17, 2020 to avoid violation penalties.

Corona Aid, Relief, and Economic Security (CARES) Act

The 2 trillion dollar CARES Act was signed into law on Friday, March 27, 2020. This may provide funding and other stimulus opportunities for your business. We will be issuing a separate and more comprehensive report on this law in the near future. In summary form (not all inclusive) the CARES Act will provide potential for the following opportunities:

1. **Low interest loans (rate to be no more than 4%) of up to 2.5 times your average monthly payroll costs (including health care and retirement costs) with forgiveness provisions for 8 weeks of operating costs including payroll, rent, utilities and mortgage interest. In anticipation of applying for the loan we recommend that you gather your payroll information for the periods February 15, 2019 through June 30, 2019 and January 1, 2020 through February 29, 2020. Some form of this information will be required on the loan application to determine the amount you are eligible for. The loan forgiveness is reduced if there is a reduction in employees or wages. The loan will be administered by the U.S. Small Business Administration. The U.S. Chamber of Commerce has compiled a good summary titled Coronavirus Emergency Loans – Small Business Guide and Checklists which can be found at**

https://www.uschamber.com/sites/default/files/023595_comm_corona_virus_smallbiz_loan_final_revised.pdf

You are eligible to apply for the loan until June 30, 2020.

2. If you have a decrease in revenue of 50% or more versus the same quarter of a year ago, there are 50% refundable payroll tax credits of wages up to \$10,000 per employee. This is separate from the Paid Sick Leave and Expanded Family and Medical Leave Acts.
3. Payroll taxes can be deferred for payroll incurred between March 27, 2020 and December 31, 2020. The repayment of the payroll taxes will be tiered and due to be paid back in full by December 31, 2022.
4. Student loan payments made on behalf of your employees up to \$5,250 annually are excluded from your business taxable income and excluded from your employee's taxable income.

The above information is presented in abbreviated fashion in order to get the information to you in a timely manner. If more information is needed on this subject please contact us or your payroll provider.

Very truly yours,

Kumlander, Donofrio, Hay & Pehl, CPAs, LLP