



Summary of the Payroll Assistance Programs

A COVID-19 Resource Update from Questco – May 1st, 2020

In response to the economic disruption caused by the COVID-19 pandemic, multiple financial relief programs have been made available to small businesses by the federal government. In our continuing effort to ensure our clients are well informed about benefits and resources designed to help them manage their business through this difficult period, Questco has prepared a summary of the various programs available.

CARES Act: SUMMARY OF THE PAYROLL ASSISTANCE PROGRAMS

1 PAYCHECK PROTECTION PROGRAM

- Applies to loans made between 2/20/20 and 6/30/20
- Loan covers payroll and associated costs for an 8-week period, up to 250% of average monthly payroll costs (based on 12-month look back)
- SBA will forgive loans if all employees are kept on the payroll and the money is used for payroll, rent, mortgage interest, or utilities.
- The portion of the loan that will be forgiven will be reduced if there is a reduction in the employee count and/or a significant reduction in wages paid to an employee
- Forgiveness not subject to tax
- A business that has had indebtedness **forgiven** under the SBA Paycheck Protection program will not be eligible for deferral of Social Security taxes or the Employee Retention Credit

2 EMPLOYEE RETENTION CREDIT

- Eligibility determined based on business impact
- Tax Credits of 50% of qualified wages thru 12/31/20, up to a max credit of \$5k per employee
- Credit calculation includes employer's qualified health plan expenses with respect to the employee
- Credit not available if eligible employer receives a covered loan under SBA's new Paycheck Protection program
- Also, no double benefit with:
 - Work opportunity credit (Code section 51)
 - Employer credit for paid family and medical leave added in 2017 tax reform legislation (Code sec. 45S)

3 SOCIAL SECURITY TAX DEFERRAL

- Employers may defer employer share of Social Security tax deposits for period 3/27/20 – 12/31/20
- Deferred Social Security taxes are repaid:
 - 50% by 12/31/21
 - 50% by 12/31/22
- PEO client employers would assume sole liability for payment of any deferred taxes when the client directs the PEO to defer tax payment with respect to wages paid by the PEO under this deferral option
- Employers that have received a PPP loan, but whose loan has not yet been forgiven, may defer the employer's share of Social Security Tax through the date the lender issues a decision to forgive the PPP loan. Employers are not eligible to defer any portion of their share of Social Security accruing after the lender has issued its decision to forgive the PPP loan

We will continue to keep you updated on any changes to these programs. Please reach out to your service representative with any questions.

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