

# NAVIGATING BUSINESS RECOVERY POST COVID-19

Presented by:



Bloomington, Decatur, St. Louis, Orlando

## ABOUT THE PRESENTERS

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- ▶ Graduate of ISU with Masters Degree in Professional Accountancy
- ▶ In the profession for 10 years, ICPAF for 9 years
- ▶ Adjunct professor at Millikin University

## OVERVIEW OF BUSINESS RELIEF OPPORTUNITIES

- ▶ Families First Coronavirus Response Act
- ▶ Economic Injury Disaster Loans (EIDL)
- ▶ Paycheck Protection Program Loans (PPP)
- ▶ Employee Retention Payroll Tax Credit
- ▶ Payroll Tax Deferral

## FAMILIES FIRST CORONAVIRUS RESPONSE ACT

- ▶ **Paid leave for employees for two weeks**
  - ▶ 100% of employee wages, up to \$511 daily and \$5,110 total per employee
    - ▶ Subject to Federal, State, or local quarantine or isolation order related to COVID-19
    - ▶ Has been advised by a healthcare provider to self-quarantine related to COVID-19
    - ▶ Is experiencing COVID-19 symptoms and is seeking a medical diagnosis
  - ▶ 2/3 of employee wages, up to \$200 daily and \$2,000 total, per employee
    - ▶ If caring for an individual subject to quarantine
    - ▶ If caring for a child whose school or daycare is closed due to COVID-19
- ▶ **Expanded FMLA for 10 weeks**
  - ▶ Additional 10 weeks of 2/3 of employee wages, up to \$200 daily and \$2,000 total, per employee related to caring for child not able to attend school or daycare
  - ▶ If less than 50 employees, employers can opt out

## FAMILIES FIRST CORONAVIRUS RESPONSE ACT

- ▶ Wages paid to employees under FFA and Expanded FMLA qualify for credit against payroll taxes
- ▶ No final guidance on documentation, but recommend to have doctor notes when applicable or statement from daycare or school if closed
- ▶ If also received PPP, then suggest to use PPP funds first

## ECONOMIC INJURY DISASTER LOANS (EIDL)

- ▶ Application through the SBA website
  - ▶ <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/economic-injury-disaster-loan-emergency-advance>
- ▶ Provided \$10,000 maximum grant/advance based on number of employees
- ▶ Applications are currently suspended due to funding, but may reopen
- ▶ Funds spent cannot "double-dip" with PPP expenses

## PAYCHECK PROTECTION PROGRAM (PPP)

- ▶ Application must go through your banking institution
- ▶ Potentially FORGIVABLE Loan, otherwise 1% interest payable within 2 years
- ▶ First round of funds were \$342 Billion, Second round is \$310 Billion
- ▶ Maximum loan amount is 2.5x your monthly average payroll
  - ▶ Typically based on 2019
  - ▶ Sole-proprietors/Partnerships special considerations

### Loan Size

Loan Size	Approved Loans	Approved Dollars	% of Count	% of Amount
\$150K and Under	1,229,893	\$58,321,791,761	74.03%	17.04%
>\$150K - \$350K	224,061	\$50,926,354,675	13.49%	14.88%
>\$350K - \$1M	140,197	\$80,628,410,796	8.44%	23.56%
>\$1M - \$2M	41,238	\$57,187,983,464	2.48%	16.71%
>\$2M - \$5M	21,566	\$64,315,474,825	1.30%	18.79%
>\$5M	4,412	\$30,897,983,582	0.27%	9.03%

- Overall average loan size is \$206K.

## PAYCHECK PROTECTION PROGRAM (PPP)

- ▶ Qualifications for FORGIVENESS (Assumptions – rules not yet finalized)
  - ▶ Spend down within 8 weeks of getting the funds
  - ▶ FTEs (Full-Time Equivalents) / Headcount
  - ▶ Payroll expenses must make up 75% of your loan
    - ▶ Gross Payroll
      - ▶ Maximum \$15,384 (annualized \$100,000) per employee counts
    - ▶ Employer paid health insurance
    - ▶ Employer paid retirement expenses
    - ▶ State Unemployment
  - ▶ Remaining funds (25% or less) can be used for the following:
    - ▶ Rent (Pre 2/15/2020 contracts)
    - ▶ Utilities
    - ▶ Interest on existing mortgage debt

## PAYCHECK PROTECTION PROGRAM (PPP)

### Documentation

- ▶ While payroll reports will provide most of the detail required for the payroll use portion of the funds, you'll also want to make sure you are tracking HOURS worked by employees to be able to calculate the FTE requirements.
- ▶ Keep an additional copy of your health insurance and retirement plan invoices and payments that can be submitted to prove qualifying payments.
- ▶ Keep an additional copy of ALL utility invoices. These are assumed to include electric, gas, water, garbage, waste, internet, cable, and telephone expense.
- ▶ Have a copy of your lease agreement showing required rent payments.
- ▶ Keep track of interest payments on mortgage loans by keeping a copy of your remittance slip or online payment history during the 8 week period.

## EMPLOYEE RETENTION PAYROLL TAX CREDIT

- ▶ Payroll tax credit available for 50% of qualified wages, up to \$5,000 max credit per employee (\$10,000 in wages), paid from 3/12/2020 through 12/31/2020
- ▶ Must meet specific qualifications to be applicable
  - ▶ Wages paid with fully or partially suspended operations
    - ▶ If you have >100 employees, the qualifying wages only include wages paid to those employees not performing services
  - ▶ Wages paid during a quarter of a significant decline in sales (50% less than prior year, same quarter)
- ▶ Cannot take PPP and Employee Retention Credit

## PAYROLL TAX DEFERRAL

- ▶ CARES Act provides ability to reduce your payroll tax deposits by the Employer portion of Social Security (6.2%) paid from 3/27/2020-12/31/2020
  
- ▶ THIS IS NOT FORGIVEN – must be paid back
  - ▶ 50% by 12/31/2021
  - ▶ 50% by 12/31/2022
  
- ▶ Not encouraging this alternative for clients
  - ▶ Payroll taxes can follow you personally, not be forgiven if business closes
  - ▶ Unknowns ahead, prefer to take out other loans versus payroll tax deferrals
  
- ▶ Cannot take PPP and Payroll Tax Deferral

## OTHER

- ▶ Be Aware of SCAMS!
  - ▶ Be cautious giving personal information over the phone
  - ▶ Make sure you're on the correct website – ie .gov versus .com
  
- ▶ Check your industry resources for specific grants or loan opportunities
  
- ▶ Keep plugged in with SBDC, accountant, or other resources to help find other resources available

QUESTIONS?

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*Thank  
you*

