

FAQ from BIAW CARES Act Webinar with JB Consulting Systems on 4-7-2020

Type	Question Asked	Answer Given
FFCRA	Still a bit confused about the double layer or sick leave for an employee taking time to care for a child? How many weeks can they actually take?	Employee caring for a sick child diagnosed with/believed to be COVID-19 is eligible for 2 weeks. If they're caring for a child due to school or daycare closure, they are eligible for 10 weeks after a 2-week waiting period (both could apply - then they'd have the max \$511/day for the first two weeks and then the max \$200/day for ten
FFCRA	We have been told that we are unable to get the tax credits for Family First act if we were getting the PPP loan. Is that correct? Or are we able to get both?	Families First (FFCRA) was passed prior to CARES. Emergency sick pay under FFCRA can occur at the same time as PPP - just not for the identical costs (so any sick pay reimbursed under the tax credit is not eligible for use under the PPP). It's the employee retention credit that isn't allowed if you have PPP with forgiveness.
FFCRA	If employees are on stand by can they use unemployment and sick hours while on unemployment?	My understanding is that employees cannot use unemployment and sick hours - unless they're on shared work and are sick during scheduled shared work and
FFCRA	What care acts are not meant to double-dip?	There's a comparison chart on my website: www.kreycpa.com
FFCRA	If someone is sick with COVID-19 symptoms - we pay	correct - if they are still active up to 80 hours if they are
FFCRA	SCENARIO-employee is sick with COVID-19 symptoms and are off for 120 hours. We pay EFMLA 80 hours and then recommend they apply for Pd Family and Medical Leave. Correct?	correct
FFCRA	If we are an employer with less than 25 employees, and our main office manager is a part time employee who does not regularly accrue sick time, is she still	Yes, an employee is eligible for the emergency sick leave under FFCRA if they meet the criteria. The \$200/day is pro-rated for part-time employees.
FFCRA	If an employee was out prior to 4-01 with symptoms of Covid-19 and are still not working, do they qualify for the Emergency Sick Leave? (Since they were out	Yes but you can only use FFCRA leave for days taken from 4/1 on
FFCRA	With FMLA, one of our locations has less than 20 employees, 3 1/2 hours from our main branch. FMLA doesn't apply to that location.	the expanded FMLA program is for all employers with under 500 employees so even if the location has under 20 ees, this program would still be available to them
FFCRA	Please clarify what businesses/situations are eligible for Emergency Sick Leave. Dept of Labor Q&As say we are NOT eligible due to quarantine. Confusing.	If your business is up and running - you can use the ESL. If your business is shut down and not running and utilizing unemployment and the employee gets COVID.
FFCRA	Our company is not "essential" and are shut down, but we are paying our employees 80 hours to quarantine/not working. Are we eligible for	Only if the individual employee meets the qualifications. Businesses who are not working right now should essentially have employees move through the
FFCRA	If we aren't taking the PPP and employees haven't taken sick leave or requested is the business still able to get families first tax credits ?	If the sick leave meets the FFCRA criteria (COVID-diagnosis/seeking-related quarantine or childcare), employer is eligible for the tax credit effective April 1.
General	WA State extensions include extensions on paying sales tax?	You need to apply via WA DOR to extend payment of sales tax and excise tax
PPP	So, let's say we use the PPP starting the week of April 6th. The 8 weeks will take us to May 29th. 1) Can I have my ppl file unemployment for the period BEFORE April 6th and then can they get unemployment after May 29th? If they do get unemployment after, will the loan not be forgiven since the payroll won't be the same as of June 30th?	I recommend you check with your lender for clarification on the forgiveness calculation in your scenario. The purpose of the PPP is to keep employees on payroll.
PPP	PPP: At what point do we need to rehire laid off employees in order to maximize the forgiveness	Rehire is required by June 30, 2020 for any change made between 2/15 and 2/26/2020 (per Treasury)

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PPP	Can you give an example of a company who laid off half of employees and has kept the rest on payroll. What does forgiveness look like?	Forgiveness is determined based on application and documented use of funds after at least 8 weeks have passed since receiving funds. There is < 100% forgiveness if reduction in # of employees of > 25%
PPP	when I called SBA they said that the EIDL \$10k would not have to be repaid if it was not used for the same	This is correct. The EIDL grant is separate from the PPP - but it depends on uses of funds; we can't double-dip.
PPP	Can you explain the "double dip" for PPP and EIDL?	No double dipping. Some sources indicate you CAN have both PPP and EIDL for different purposes, but the PPP application does also ask if you have received EIDL funds, and there are indications that any EIDL grant receive
PPP	If a Non essential business applies to the PPP can we pay the employees a different rate during this time. Or would it have to continue to be the same rate as if they were working at the jobsite. ?	If you apply for PPP, you are not precluded from reducing pay to employees - in some cases, a combination of reduction in pay and unemployment is favorable to the employee. You would just need to reinstate to prior rates by 6/30/2020 in order to qualify
PPP	Is the PPP loan available once the shutdown is over?	It specifically says while funds last and/or up through
PPP	Can the rent go to the business owner?	Yes, the rent can be paid to the business owner provided it was a prior arrangement and would be part of your ordinary regular expenses. We wouldn't recommend
PPP	If a small business applies for and receives the PPP, do they have to continue paying the employee the same rate/number of hours they have averaged over the past months, or can the employer/employee agree to a reduced rate/number of hours during the	Loan funds must be used for qualifying purposes. Forgiveness is based on using 75% for payroll and 25% for other purposes, with max forgiveness if no decrease in # of employees and < 25% decrease in wages - so there's some flexibility here. Any unforgiven portion
PPP	2- was told not to file for emergency grant and ppp.	You can apply for both. The PPP application has a spot on it to indicate if you have received EIDL funds, and forgiveness has an offset calculation for grant funds
PPP	Do we need to rehire the same employees or is it the # of employees that counts?	One of the bank applications I read asked how many new employees the loan would enable you to hire, and how many jobs it would keep. I interpret this to mean it's total number of employees - but I would double-check
PPP	With the PPP, does the 8 weeks start upon approval, or do you get to specify which 8 weeks you want to use it for?	At this time, I understand the PPP 8-week period to begin at the date of the loan (when funds are distributed) - but there could certainly be future
PPP	Regarding the forgiveness of the PPP loan, what happens if your employee count falls because they have quit or found other employment instead of	In this scenario, you would be eligible for < 100% forgiveness, and the remainder would be a loan subject to 1% interest.
PPP	We have three locations. One with 50 people, one with 20 employees, one with 5 employees.	If the PPP loan covers all locations then it would be all
PPP	If we are a non-essential business should we apply for the PPP loan at a later date and keep the employees on unemployment until we are able to get them back to work? Does this help to extend the	The PPP is a temporary SBA 7(a) loan with a cap on available funds of \$349 billion. This sounds like a lot, but it is likely to be maxed prior to end of funding on 6/30/2020
PPP	If we are a non-essential business should we apply for the PPP loan at a later date and keep the employees on unemployment until we are able to get them back to work? Does this help to extend the	Check with your lender and CPA on the specifics for your business situation. There is a limit to the funds available in this program and the current end date for the fund available is 6/30/20. Keep that in mind when you are
PPP	Can the PPP be used for interest on equipment loans?	PPP funds can be used for "other interest" on debt incurred prior to 2/15/2020
PPP	We are a "non-essential" business (residential construction) can we have our employees work off-site (at their own homes) doing work ie putting	Yes, PPP funds are to pay employees wages - regardless of whether they are performing "normal" duties
PPP	What if you operate your business out of your home, does that rent count?	If you're reimbursing yourself a portion of rent, I anticipate that would qualify - double check with your
PPP	Under the PPP Loan, does the definition of "utilities" include payments for internet and cell phones?	Utilities includes telephone - check with your lender regarding internet and cell phones.

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PPP	Would it be better for an employer who wants to retain their employees to send employees to state unemployment or pay them to quarantine and use the PPP?	If you're looking to retain your employees, you may want to consider a combination. The challenge is we don't know how soon PPP funds will be received. You'll need to carefully weight your options, and we also recommend you discuss with your employees so they
PPP	Would it be better for an employer who wants to retain their employees to send employees to state unemployment or pay them to quarantine and use the PPP?	I cannot provide a concrete answer to that question with the limited information. It depends on the employee's wage and what their total weekly unemployment benefit would be + \$600. Other considerations include medical
PPP	The PPP stated FICA was exempt for the PPP. Does that mean the Employer is responsible for FICA and Withholdings and wont be forgiven?	There are different definitions for PPP as far as max loan computation, eligible use of funds, and forgiveness. You're correct. for forgiveness. FICA and withholdings are
PPP	With the PPP, is the loan only for dates from the origination date of the loan and forward or could the employer hire back now and use the PPP for retroactive pay to cover for example payroll 3/27-	I have seen indications of both from origination and retroactive. Here's a website that suggests the PPP can be retroactive to 2/15/20 https://www.mainesbdc.org/what-you-need-to-know-
PPP	Self employed individual had payroll of \$50k (not including himself) and \$30k of income. How would he calculate what he would receive for PPP and can he pay himself?	I am hoping we will see additional guidance this week since self-employed PPP applications are scheduled to start being accepted on 4/10. Absent that, my interpretation from the SBA interim final rule would be payroll to employees plus net earnings from self-
PPP	How is seasonal business payroll calculated for PPP?	There is an optional calculation using a period other than a full year for seasonal employers.
PPP	The PPP program is based on employee pay in 2019. We had a large job going during the time frame looked at in 2019 and we had several employees at that time we no longer employ. We don't anticipate hiring anyone soon especially in the environment. Will we still be eligible for our loan turning into a	That is what they base the loan on but they base the pre and post disaster payroll comparisons on 2020 paryrolls. Check with your lender on the details and explain the 'seasonal' nature of the higher payroll in 2019 if you do not need to have the higher loan value that you could be approved for based on the 2019 payroll numbers
PPP	If we use the PPP program and pay employees to stay home-if we reduce their hours paid by 25% we would still qualify to turn this into a grant correct?	You still qualify for the PPP if you have reduced employee hours or pay rates. You may not be eligible for full forgiveness if you aren't able to reinstate # of
PPP	As sole proprietor LLC no employees you stated the form only asked for payroll info, what can a sole	The PPP becomes available to self-employed on 4/10. "Payroll" for this purpose is net earnings from self-
PPP	By reduction of 25% employee wages, does this take into consideration that employee make apply for UI?	The 25% reduction in wages is determined by comparing the current (during PPP utilization) wages to prior wages. My understanding this is a total wage comparison
PPP	If I receive PPP do I pay employees the same days as usual and do I pay SS, MED PFML, L and I and federal withholding? Also, after the 8 weeks and if the economy is back up and we have no work can I not	Yes, you pay employees as usual using PPP funds - but only eligible portion is considered for forgiveness. Hopefully it won't last longer - but if it does I anticipate we will see additional guidance
PPP	Does the PPP Loan apply to an S-Corp?	Yes, S-corps are eligible for PPP as long as they meet
PPP	What consists of payroll costs?	Payroll costs are at the bottom of the slide - compensation, health insurance premiums, retirement and state/local payroll-related taxes.
PPP	Our S-Corp has two different divisions. One division is deemed essential and doing well but another division is struggling. The monies are joint and hard to show loss. Can I get help on the employees that are laid	If you have two divisions, you may want to work on your accounting to enable reporting of income and expenses related to each division. I'm unclear on what help you're requesting for employees who have been laid off
Tax Credit	CARES Act-Refundable Payroll Tax Credit. I read about a deferred payroll credit. Is this a deferred payroll credit or is it written off?	The deferred payroll tax is deferring employer portion of social security (6.2%), with 50% repayment in 2021 and 50% in 2022. It's not a credit, it's a deferred payment with no interest or penalties. The Refundable credit is related to employee retention - 50% of up to \$5000 per
Tax Credit	how do we get access to the Payroll taxes credit?	The payroll tax credit can be used as an offset to payroll tax deposits. The form for the advance payroll tax credit

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Tax Credit	Where do we apply for this refund?	The payroll refunds can be an offset to your payroll tax deposit, via your 941, or advance refund via IRS Form
Tax Credit	if sick leave isnt requested or taken can we still request tax credits?	Tax credits are available if you meet criteria. For the emergency sick leave, the employee needs to meet the FFCRA criteria. For employee retention, your business had operations partially or fully suspended (likely for most businesses in WA) - and you can't take PPP with
UI	Is the \$600 additional amount for everyone or is it only the difference between State UI and normal income?	The \$600 is federal amount in addition to the normal state amount - so if an employee would normally qualify for \$200, they would instead get \$800 (employee receives from the state - state receives the additional funds from federal)
UI	So employee could essentially make more on UI for 4 months than when working?	This is correct, depending on individual circumstances an employee could make more on unemployment than while working.
UI	How does shared work and furlough differ?	Shared work is a specific program the employer implements. The employee must work at least 50% of their normal schedule and the er must maintain the ee's benefits. Furlough is more of a standard reduced schedule - ex. every other Friday the business will close
UI	I thought we were able to convert salaried employees to hourly for UI purposes?	Use caution. Per FLSA law, you do not want to be moving ee's back and forth between exempt and non-exempt
UI	If we have an hourly part time employee and we want them to be available to do some work, but don't have the regular 16 hours per week, what program might we suggest for them to keep working reduced hours but possibly apply for Unemployment to make up the difference? (we do not have other employees to do a shared work option)	I would do a partial employment/stand by
UI	(For exempt and non-exempt employees) As an essential business we are offering all of our employees 40 hours a week of work and giving employees options to work less if they so choose. It is our understanding that in this scenario they would not be eligible for unemployment. For example, if they choose to work 28 hours for the company is it a possibility for them to receive 12 hours unemployment and will it affect the employer's experience rating?	If you are offering work and they choose not to work full hours, this would not make them eligible for unemployment. We are told the employer's experience rating will not be impacted by COVID-19 related unemployment claims (but it's certainly possible and maybe even likely that overall rates will increase).
UI	What happens with the portion of the benefits premium the employee pays if they are not working?	They are still responsible for their portion of the premiums. Work with your broker on details as to how they will maintain benefits. Regarding payment, you will want to work that out with the employee and set due dates
UI	Are exempt/salaried employees eligible for standby?	Yes but you need to ensure you are following FLSA laws. if an exempt employee works at all in a week, they must get paid for the whole week

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UI	Are exempt/salaried employees eligible for standby?	Yes, salaried/exempt employees are eligible for standby - just be careful, as there are indications that any work performed would require payment for the entire week. Some suggest to have exempt/salaried employees rotate work weeks and standby unemployment.
UI	We have only one employee on staff at this time but only have enough work for a few hours a day. Can just one employee be on the shared work program?	In order to implement shared work program, you need at least two employees to share. (A single employee has nobody to share work with).
UI	Do we have to allow people to be laid off even though we have work available?	No, if you have work available you're likely not in a layoff situation. Employees can't self-layoff; employers do the layoff.
UI	Are our employees who are owners and/or directors who we have exempted from state unemployment, now eligible for unemployment under CARES?	This is from ESD: If you previously elected to be covered for unemployment and paid unemployment taxes, you may be eligible for unemployment benefits. Under the corporate officer rules, LLCs are not covered. The best way to find out is to apply.
UI	So if all of our employees are on standby and they aren't working/ not getting hours they will be getting an additional \$600 per week?	Yes, employees on standby should be eligible for unemployment, which includes the additional \$600 amount the feds subsidize to the state.
UI	does a salaried exempt owner who doesn't actively work still qualify for unemployment?	If you previously elected to be covered for unemployment and paid unemployment taxes, you may be eligible for unemployment benefits. Under the corporate officer rules, LLCs are not covered. The best way to find out is to apply.