

The two biggies for Businesses and Non-Profits (501c3) (501c19) are the PPP and the ERTC. You cannot chose both! It's important you pick the best alternative for your organization.

Paycheck Protection Program (PPP)

Employee Retention Tax Credit (ERTC)

ELIGIBILITY

Organizations employing less than 500 people that make a good faith certification:

- 1) That the uncertainty of current economic conditions makes necessary the loan request to support ongoing operations.
- 2) Acknowledge that funds will be used to retain workers and maintain payroll or make mortgage, lease and utility payments.

- 1) Organizations whose operations have been fully or partially suspended as a result of a government order or
- 2) Employers experiencing a greater than 50% reduction in quarterly receipts, measured on a year-over-year basis.

TYPE

SBA Loan with forgiveness (tax-free) for an amount equal to 8-weeks, after loan origination, for payroll costs^a (includes health insurance), rent, utilities and mortgage interest.

- Maximum loan - Multiply your average monthly payroll costs (includes health insurance) over the past 12 months by 2.5 (seasonal employers have special rules)
- It does not matter that your organization could obtain credit elsewhere.
- No collateral or personal guarantees needed and no fees!
- Any loan amount not forgiven at the end of one year is carried forward with terms up to 10 years and maximum interest of 4%.

Refundable payroll tax credit for 50% of wages and health benefits paid or incurred from 3/13/20 to 12/31/20 for the first \$10,000 of wages/benefits paid per employee. This applies only for calendar quarters to which eligibility provisions above are met.

Employers with greater than 100 full-time employees:

Credit applies only to wages/health insurance provided to employees not providing services due to coronavirus-related circumstances.

Employers with fewer than 100 full-time employees:

Credit applies to all employees wages/benefits.

(See your H&S professional if you would like a template to calculate)

^a (Limitations if reductions in payroll compared to prior year)

The check's in the mail!

Individual Rebates

If you filed a tax return in 2018 or 2019 you may be receiving a check (or direct deposit) soon from Uncle Sam.

- \$1,200/person
- \$2,400/married couple
- \$500 for each qualifying child of the taxpayer (same rules as for tax credit)



The rules

- Single with AGI under \$75,000 full credit ☺
 - Over \$99,000 AGI nothing ☹
 - Between \$75,000 and \$99,000 reduced credit
- Married with AGI under \$150,000 full credit ☺
 - Over \$198,000 AGI nada ☹
 - Between \$150,000 and \$198,000 reduced credit

If you haven't filed your 2019 return, the IRS will compute your payment based on the AGI of your 2018 tax return. (Or from forms SSA-1099/RRB-1099 if not required to file)

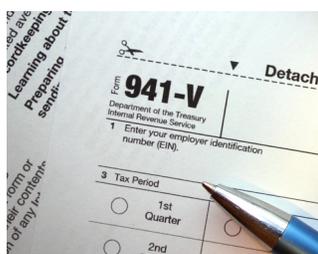
Tax Day No Longer ~~4/15~~ - Now 7/15!

- Federal and Michigan returns otherwise due on April 15th are now due July 15th, 2020.
- Michigan city return due dates will move from April 30th to July 31st, 2020.
- Estimated tax payments otherwise due to the IRS and Michigan on April 15th will also move to July 15th, 2020 (Michigan city estimates from April 30th to July 31st, 2020)
- Second quarter, June 15th estimates, (Federal and Michigan), are still due June 15th, 2020.
- IRA and HSA contribution deadlines moved from April 15th to July 15th, 2020.

Deferral of Employer Payroll Taxes

Organizations may defer paying the employer portion of payroll taxes as of the enactment date of the CARES Act through 12/31/20 and pay 50% of the deferral by 12/31/21 and the remaining 50% by 12/31/22.

This provision also applies to self-employed individuals estimated tax payments equal to 50% of the portion attributable to self-employment taxes.



Bonus Depreciation for Qualified Improvement Property

The act makes a technical correction retroactively (yes, can amend 2018 or 2019 filed returns) to allow 100% bonus depreciation for Qualified Improvement Property placed in service after 12/31/17.

Net operating losses

Net operating losses (NOL's) incurred in 2018-2020 may now be carried back five years to claim refunds from prior year taxes paid.

Required Minimum Distribution

Required Minimum Distributions (RMD's) are suspended for 2020.

401-k Loans

- Limitation of loans from 401-K plans increased from \$50,000 to \$100,000.
- Repayment terms extended for existing loans.

Charitable Donations

- New "above the line" deduction up to \$300 in 2020 for those who don't itemize.
- 60% limit of charitable giving deduction for individuals suspended for 2020.
- 10% corporate deduction limitation expanded to 25% for 2020.

Retirement Plan Distributions

Special tax provisions apply to individuals:

- 1) Who are diagnosed with COVID-19 or
- 2) Whose spouse or dependant is diagnosed with COVID-19 or
- 3) Who experience adverse financial consequences as a result of being quarantined, being furloughed or laid off or having work hours reduced; being unable to work due to lack of childcare; closing or reduction of hours of business.

Special Provisions:

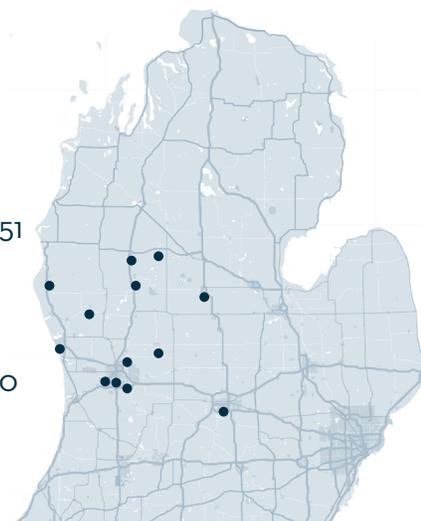
- Up to \$100,000 may be withdrawn without being subject to 10% early withdrawal penalty (still subject to income tax).
- Provides for 3-year rollover rule which can be made in multiple payments to avoid income tax.
- Tax (after taking into account rollovers) may be spread over three years.

Student Loans

Employers who have an educational assistance program (written plan subject to code section 127) may expand qualified tax-free payments to include student loan payments of the employee.

Contact us today.

Big Rapids 231.796.0020
Cascade 616.956.9016
Ewart 231.734.3942
Fremont 231.924.6890
Grand Rapids 616.453.8551
Greenville 616.225.7285
Hart 231.924.6890
Lansing 517.694.4660
Mt. Pleasant 989.817.4900
Muskegon 231.798.1040
Reed City 231.832.2799
Rockford 616.884.7954





Our team reviews the **EFMLEA & Unemployment Rule Changes:**

EFMLEA

(Emergency Family and Medical Leave Expansion Act)

Unemployment

(these new rules are very fluid and subject to change)

Executive Order 2020-10 on March 16, 2020, expanded unemployment benefits

Eligible workers:

- Sick, quarantined, or immunocompromised workers and those who do not have access to paid family and medical leave or are laid off
- Due to unanticipated family care responsibility including those who have childcare responsibilities due to school closure or childcare provider unavailability

Extended benefits:

- Benefits are increased from 20 to 26 weeks (CARES act just bumped that to 39 weeks)
- Application eligibility increased from 14 to 28 days
- Work search requirements are suspended

Businesses that have been ordered to shut down or limit operations will have no rating impact on employer accounts with no need to seek an additional waiver.

Enhanced Work Share Program - minimizes or eliminates the need for layoffs

- Must be full time employees and otherwise eligible for unemployment
- Can have different rules for different “units, departments, or shifts” of employees
 - Members of each unit must be treated identically
- Employee work hours may be reduced by 15% but not more than 45%
- Workers will be reimbursed by corresponding percentage of weekly benefit
- Plan can be terminated at any time by unit

Supplemental Federal Pandemic Unemployment Compensation

- Through July 31, 2020
- \$600 per week for any worker eligible for state or federal unemployment benefits
- In addition to state unemployment benefits
- Will not affect eligibility for Medicaid or Children’s Health Insurance
- Fully funds state Work Share program
- Expanded eligibility to self-employed, independent contractors, “gig” economy employees
 - Application for these new benefits will go through the state unemployment office
- Support for non-profit and State, Tribal, and Local governments

Families First Coronavirus Response Act

(regulations are being written as this goes to press)

This Act is broken down into two parts and both provisions are effective on April 1, 2020, and apply to leave taken between April 1, 2020, and December 31, 2020. This Act applies to all employers with less than 500 employees

- Covers all employees for two weeks of paid sick leave
 - at the employee’s regular rate of pay (up to \$511 per day) for all employees:
 - Subject to a quarantine order related to COVID-19
 - Has been advised by a health-care provider to self-quarantine due to COVID-19
 - Is experiencing COVID-19 symptoms and is seeking diagnosis
- At 2/3 the employee’s regular rate of pay (up to 200 per day) for all employees:
 - caring for an individual subject to an order described in (1) or (2)
 - caring for child whose school or day-care provider is unavailable due to COVID-19
- For any employee that has been employed for at least 30 days
 - up to an additional 10 weeks of paid expanded family and medical leave at 2/3 pay only when employee is unable to work due to bona fide need to care for child whose school or childcare provider is unavailable for reasons related to COVID-19

Small businesses with fewer than 50 employees may qualify for exemption from the requirement to provide leave due to school closing or childcare unavailability if the leave requirements would jeopardize the viability of the business. The exemptions criteria have not yet been identified.

Tax Credits: Employers will receive 100% reimbursement for all qualifying wages plus health insurance paid under this act. Self-employed individuals receive an equivalent credit

Employer Notice: Each employer must post in a conspicuous place on it’s premises a notice of the requirements. If the business is closed or employees are working remote, e-mail or direct mail will suffice.