



PrestigePEO

August 19, 2020

COVID-19

We Are Here For You

Today's Presenters



Jason Flinn
Today's Moderator,
Director of Client
Services,
PrestigePEO



Andrew Lubash
Founder and
Principal,
PrestigePEO



Seth Perretta
Principal,
Groom Law Group



Eric Foodim
Chief Operating
Officer, PrestigePEO

Today's Topics



- Introduction by Andrew Lubash, PrestigePEO Founder and Principal
- Timeline of COVID-19 Relief Legislation
- Phase 4 Stimulus Proposals
- COVID 4.0 Legislative Update
- Executive Orders
- Frequently Asked Questions

- ❖ Webinar Forum
 - All participants are muted.
 - Please type questions in the side navigation panel and we will try to address most questions.
 - Today's presentation will be posted prestigepeo.com/covid-19.

Welcome Update Presented by Andrew Lubash



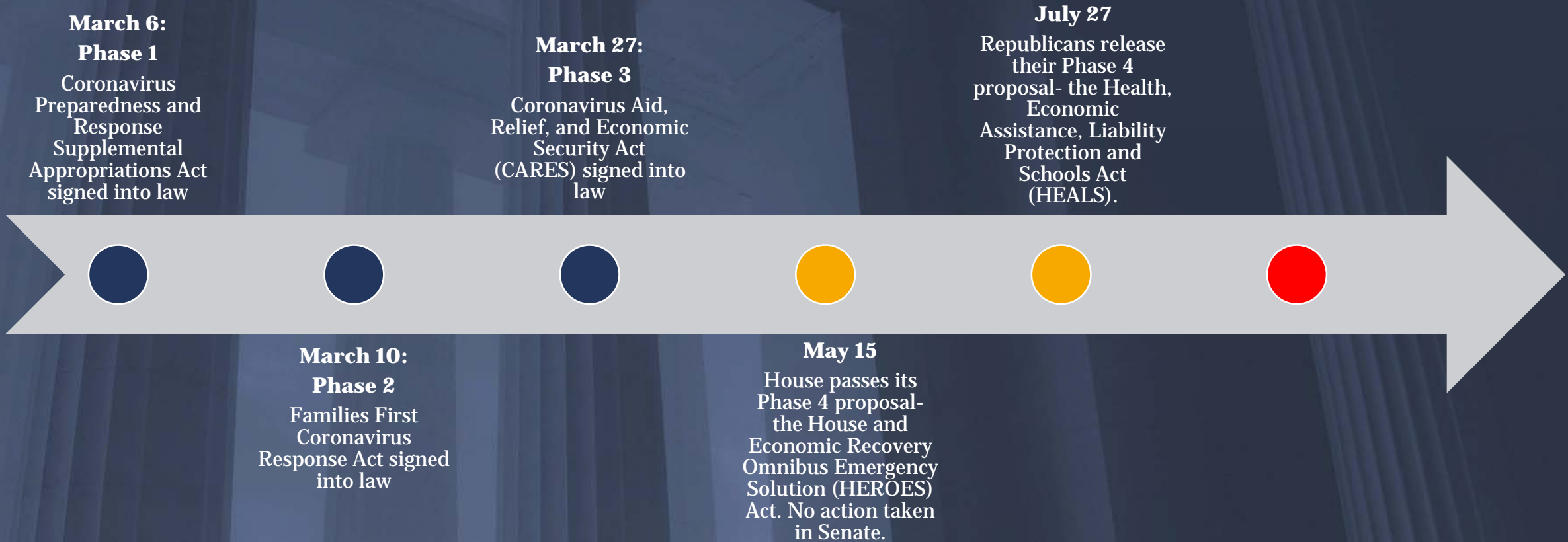
- Andrew (Andy) Lubash is Founder and Principal of Prestige Employee Administrators.
- Andy currently holds several positions at the National Association of Professional Employer Organizations (NAPEO);
 - Chairman of the Board of Directors
 - Member of the Federal Government Affairs Committee
 - Member of the Healthcare Committee
- Previously, Andy was Chairman of the State Government Affairs Committee for five years.

PPP Loan Forgiveness Presented by Seth Perretta



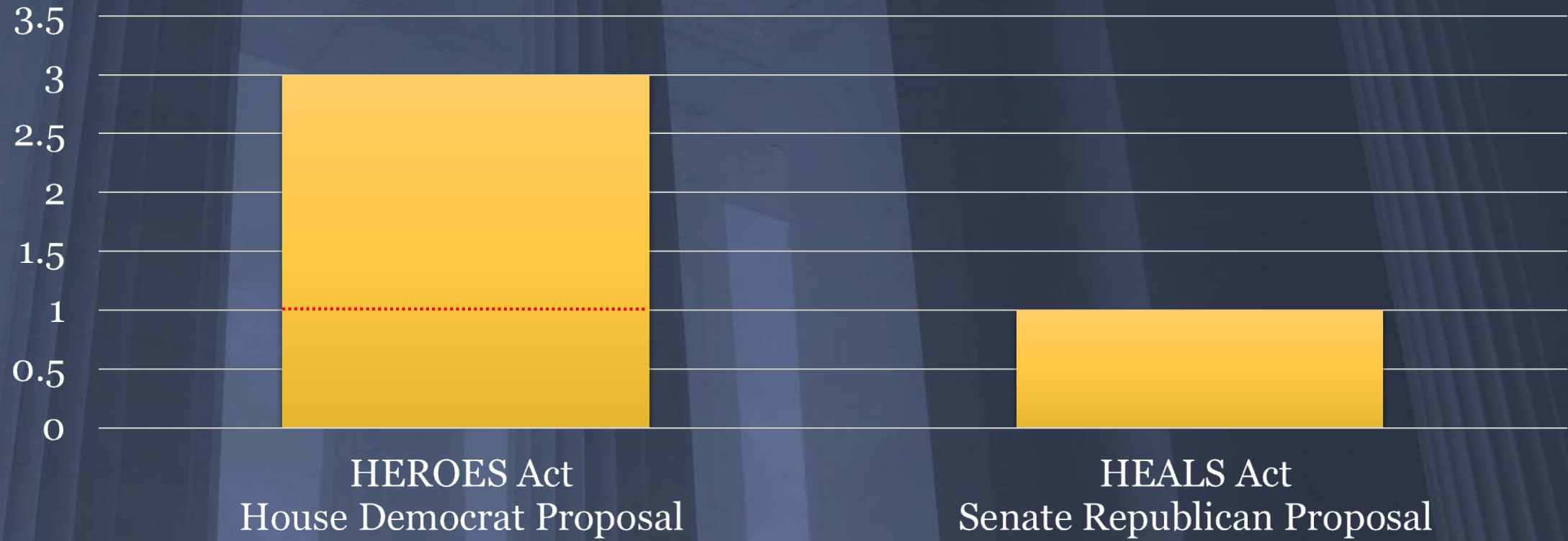
- Seth Perretta is Principal at Groom Law Group, where he focuses his practice on employee benefit matters
- Based out of Washington, D.C., Seth interfaces regularly with regulators at the federal agencies and has been carefully following the federal legislative and regulatory developments
- Seth is outside counsel to NAPEO, the organization that represents the PEO industry, as well as American Benefits Council (ABC).
- Seth is a graduate of NYU School of Law and Cornell University

Timeline of COVID-19 Relief Legislation



Phase 4 Stimulus Proposals

Proposed Funding in Trillions of Dollars



COVID 4.0 Legislation Update

- Congress recessed for the summer
- Speaker Pelosi (D-CA) indicated she will call the members back from recess to continue work on a bipartisan bill
- President Trump has said he will meet with Democrats ... “at the right time”
- Folks remain optimistic that a legislative compromise will be reached
- Timing, however, remains unclear, but general thinking is sometime in September (but could be late September)

COVID 4.0 Legislation Update

- Implications for small business if no compromise bill:
 - Concerns that recent positive trends in unemployment may reverse
 - Concerns that lack of \$600/month UI stipend and taxpayer assistance will cause drop in spending and further economic pain
 - Concerns that individuals may face evictions
 - Concerns that cash-strapped state and local governments may face fiscal challenges
 - No obvious chance at “second draw” PPP loans
 - No additional payroll tax credits and/or PPP assistance
 - And more...

Trump Executive Orders

- Three Executive Orders issued on August 8th regarding:
 1. Federal payroll tax deferral
 2. Unemployment insurance benefits
 3. Evictions and forfeitures

Trump Executive Orders

- **Payroll tax deferral EO**
 - Directs the Treasury Secretary to “defer the withholding, desposit and payment” of employee OASDI tax liability from 9/1/20 through 12/31/20
 - Note: Does not apply to employee’s share of Medicare taxes
 - Note: Remember, employer can defer employer’s share via CARES Act already
 - Deferral applies to employees whose wages are generally \$4,000 of less during any bi-weekly period
 - Directs the Secretary to pursue mechanisms to forgive any deferral

Trump Executive Orders

- **Payroll tax deferral EO**
 - Many unanswered challenges/questions
 - Text of EO suggests employers may be able to *choose* whether to allow employees to defer their share of OASDI taxes on 9/1-12/31 wages – if so, is that choice on a workforce or per employee basis
 - Unclear how the \$4,000 wage threshold applies
 - Employees could confront material tax liabilities when the deferred amounts become owed
 - What happens if employee terminates employment prior to employee's payroll taxes having been repaid in full? Who is liable?
 - Could certainly create reporting difficulties

Trump Executive Orders

- **Unemployment Insurance UI**
 - Using FEMA funds, the EO continues weekly UI payments that expired at the end of July, but cuts the payments materially
 - Originally, these amounts would only have been available if the state agreed to cover 25% of the supplemental UI cost (i.e., \$100), but the states balked at the additional \$100/month liability
 - Under the revised approach, any person that is receiving at least \$100/month in UI benefits from the state, will receive the additional \$300 UI payment
 - As of Monday, six states (AZ, CO, IA, LA MI, UT) have been approved for the FEMA money

Trump Executive Orders

- **Evictions and Forfeitures**

- Directs the HHS Secretary and the Director of CDC to “consider whether any measures temporarily halting residential evictions of any tenants for failure to pay rent are reasonably necessary to prevent the further spread of COVID-19 from one State or possession into any other State or possession.”
- Directs the Treasury and HUD Secretaries to “identify any and all available Federal funds to provide temporary financial assistance to renters and homeowners who, as a result of the financial hardships caused by COVID-19, are struggling to meet their monthly rental or mortgage obligations.”

Trump Executive Orders

- **Evictions and Forfeitures**

- Directs the HUD Secretary to “take action, as appropriate and consistent with applicable law, to promote the ability of renters and homeowners to avoid eviction or foreclosure resulting from financial hardships caused by COVID-19.”
 - “Such action may include encouraging and providing assistance to public housing authorities, affordable housing owners, landlords, and recipients of Federal grant funds in minimizing evictions and foreclosures.”
- Directs the Treasury Secretary and the Director of FHFA to “review all existing authorities and resources that may be used to prevent evictions and foreclosures for renters and homeowners resulting from hardships caused by COVID-19.”

General FAQs

FAQs

Where do I find the most recent FAQ's released by the SBA on August 11th?

- Just google “FAQs on PPP loan forgiveness”

Which loan forgiveness application should sole proprietors, independent contractors, or self-employed individuals with no employees complete?

- With no employees, use Form 3508EZ. Page 2 of the form is a certification page which must be completed as well.

Are Payroll Costs incurred during the Covered Period or Alternative Covered Period but paid after the Covered Period or Alt Covered Period eligible for Loan Forgiveness?

- Yes, as long as the payroll costs are paid before the next regular payroll date after the Covered Period or Alternative P/R covered Period.

FAQs

What about payroll costs incurred before the Covered Period but paid during the Covered Period?

- Yes, they are eligible for forgiveness.

Are you required to calculate payroll costs for partial pay periods?

- Really depends on your pay cycle. If you are bi-weekly or more frequent (weekly), you can use the 8-week period (for loans before June 5th) or the 24-week period that begins on the first day of the first payroll cycle following the PPP Loan disbursement date (Alt PR Covered Period). No need for partial.
- If you are less frequent (semi-monthly or monthly), then yes you will be calculating payroll costs for partial pay periods. The Prestige report should have those numbers for you.

FAQs

For cash compensation, should we use gross pay or net pay?

- Use gross amount

Generally, how does the loan forgiveness process work after I submit my loan forgiveness application to my lender?

- Lender reviews application and confirms data accuracy.
- Lender then submits to SBA for approval and loan reimbursement. Once SBA approves, SBA will reimburse the lender.
- If the loan was not entirely forgiven, SBA will reimburse lender for forgiven amount and lender will reach out to borrower on loan amount and terms.

FAQs

When will the Prestige Loan Forgiveness payroll report be available?

- Clients can submit their report request to their Human Resource Business Partner or Payroll Specialist beginning Tuesday, August 25th. Clients will need to provide the following:
 - Loan Date
 - If they used 8 weeks or 24 weeks – If 24 weeks, what is the end date of the Covered Period?
 - Are you using the Alternative Payroll Covered Period? If so, what is it?

Note: Cannot use for semi-monthly/monthly pay cycles

Will a borrower be subject to a reduction in forgiveness due to a reduction in FTE employees but the employer offered to rehire the employee but the employee declined?

- No, as long as the borrower documents the inability to rehire employees if they were employees on 2/15/20 **and** inability to hire similarly qualified individuals on or before 12/31/20.
- Borrowers should inform their state unemployment office within 30 days
- Maintain written job offer, written employee rejection, written record of efforts to hire a similarly, qualified individual.

Terms of Endearment

1. 25% wage reduction – Lose loan forgiveness for wage/salary reductions over 25%
2. Alternative Covered Period – After you receive loan proceeds, the first day of your next pay period start your new period. For bi-weekly or more frequent pay cycles
3. Benefit costs – Employer paid, not employee paid
4. Retirement costs – Employer paid, not employee paid
5. 3508EZ – Easier Loan Forgiveness form to use but under certain scenarios. Review the checklist first
6. 8-week covered period – only can be used for loans received before June 5, 2020
7. Owners-Self Employed Individuals – Capped at 15,385 for 8-week covered period. \$20,833 for 24-week covered period. Review the FAQ's specifically for S-Corps, C-Corps, Self-employed or general partners.

Client Communications

Prestige Communications

Today's presentation will be posted in our [COVID-19 resource center](#). Visit our resource center at prestigepeo.com/covid-19 for all things COVID-19.

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