



COVID-19 Guide for Employers

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INTRODUCTION

To help employers like you continue to navigate the ever-shifting economic situation brought about by COVID-19, we created this high-level guide.

The guide is meant to help you make sure you're getting all the assistance you need and complying with the new rules that have come about because of recently enacted legislation.

Through the CARES Act and the Families First Coronavirus Response Act — or FFCRA — many businesses now have access to additional tax credits and assistance programs.

Recording keeping has become even more important when it comes to these new tax credits, and you'll see that emphasized frequently throughout this guide.

If you have questions or concerns about the recent COVID-19 changes, your friendly, knowledgeable advisor from **Casey Peterson, LTD** is here to help. We'll provide you with comprehensive and confidential services to help you meet your financial challenges now and going forward.

REVISED FORM 941

The IRS released the finalized version of the revised Form 941 — Employer's Quarterly Federal Tax Return — in mid-June 2020. Employers must use the revised form starting with Q2 2020. If you're filing a late 941 for previous quarters, you'll need to use the old form.

The new form contains nearly 20 additional lines and a new Worksheet 1 in the instructions. You'll only need to fill out Worksheet 1 if you used any credits, but you don't send Worksheet 1 along with your new 941.

As we mentioned previously, it's vital to maintain good records for all of these credits and deferral programs so you can make sure you're filling out the 941 accurately.

Download the new form here:

<https://www.irs.gov/pub/irs-pdf/f941.pdf> ▶

Read instructions for the new form here:

<https://www.irs.gov/instructions/i941> ▶

Q2 FORM 941 CHECKLIST



To help you know what information you'll need, we created the following checklist with a list of questions for you to answer to help you prepare your Q2 Form 941.

- **Did you pay anyone wages under the Family First Act? This includes paid sick leave and/or the expanded Family Medical Leave Act. If so, you'll need:**
 - Information about the wages you paid for Family First Act paid sick leave
 - Information about the wages you paid for the Family First Act expanded FMLA leave
 - Any information about employer-provided health insurance
 - Details about whether any of the payroll tax deposit was reduced by the paid leave amount
- **Did any government regulations force you to close fully or partially because of the COVID-19 pandemic? If so, explain the details of your closure.**
- **Did you have a noticeable decline in gross revenue in the first quarter of 2020 compared to the same time period in 2019?**
 - If so, you'll need to provide a current profit and loss statement and any other documentation showing a decrease in your revenues.
 - Also, if you had a significant reduction in revenue, you'll need to have your books reconciled and all deposits and/or invoices recorded through June 30, 2020.
- **Did you have a noticeable decline in gross revenue in the second quarter of 2020 compared to the same time period in 2019?**
 - If so, you'll need to provide a current profit and loss statement and any other documentation showing a decrease in your revenues.
- **Did you elect to defer any payroll tax payments in 2020?**
- **Did you pay less than the full payroll tax liability for any reason not covered above in 2020 (e.g. inability to pay because of the pandemic)?**
- **Did you request any credit reimbursement on Form 7200?**
 - If so, did you receive all funds?
 - If so, whoever fills out your 941 will need copies of your Form 7200.
- **Did you receive a Payroll Protection Program loan?**
 - What date did you apply for a PPP loan?
 - What date did you receive your promissory note for the PPP loan?
 - What date did you receive funding from the PPP loan?
 - Did you use any of the funds to pay paid sick leave or paid expanded FMLA leave under the Family First Act? If so, provide details.
 - Are you planning to or have you already applied for loan forgiveness?
 - Provide a detail breakdown of where you spent the PPP funds (e.g. payroll, employee medical premiums employer portion, payroll taxes, utilities, rent or interest payments on mortgage, interest on debt obligations incurred before Feb. 15, 2020, etc.) and how much, if any, you have left.
- **Do you have concerns about your current cash flow or your ability to pay your obligations?**
- **Have there been any other changes to your payroll or business that are worth noting?**

EMPLOYER PAID LEAVE REQUIREMENTS

TYPES OF EMPLOYERS THAT MUST COMPLY

Most public and private businesses with fewer than 500 employees are required to implement the leave portions spelled out in FFCRA. However, certain businesses with less than 50 employees may be excluded from providing leave for certain situations if it would harm the business. See the Department of Labor's FAQs or talk to your finance professional if you need help determining the requirements for your business.

Employers subject to the FFCRA should keep all employment tax records for at least four years after the date the tax becomes due or the employer pays the tax, whichever comes later.



FFCRA LEAVE REQUIREMENTS

From April 1, 2020, to Dec. 31, 2020, employees who work for covered employers are eligible to receive:

- Up to 80 hours of paid sick leave at their regular rate of pay if an employee can't work because they're quarantined or experiencing COVID-19 symptoms and seeking a medical diagnosis.
- Up to 80 hours of paid sick leave at two-thirds their regular rate of pay if an employee is unable to work because they need to take care of an individual who is subject to quarantine or care for a minor child whose school or childcare provider is closed or unavailable because of COVID-19.
- Up to an additional 10 weeks of paid expanded family and medical leave at two-thirds their regular rate of pay if an employee is unable to work because they need to take care of a minor child whose school or childcare provider is closed or unavailable because of COVID-19.

QUALIFYING REASONS FOR LEAVE

An employee qualifies for paid sick time if they're unable to work because they:

- 1 Are subject to a COVID-19 federal, state, or local quarantine or isolation order.
- 2 Have been advised by a healthcare provider to self-quarantine related to COVID-19.
- 3 Are experiencing COVID-19 symptoms and are seeking a medical diagnosis.
- 4 Are caring for an individual subject to a quarantine order or self quarantine because of COVID-19 symptoms.
- 5 Are caring for a child whose school or place of care is closed because of COVID-19.
- 6 Are experiencing any other similar condition that the Secretary of Health and Human Services — in consultation with the Secretaries of Labor and Treasury — has specified.

For qualifying reasons 1-4 and 6:

A full-time employee is eligible for up to 80 hours of leave. A part-time employee is eligible for the number of hours they work on average over a two-week period.

For qualifying reason 5:

A full-time employee is eligible for up to 12 weeks of leave at 40 hours a week. A part-time employee is eligible for leave for the number of hours they're normally scheduled to work over that period.

You can find the full details about employer paid leave requirements here:

www.dol.gov/agencies/whd/pandemic/ffcra-employer-paid-leave ▶



LENGTH OF LEAVE

Certain employers must provide their employees with paid sick leave or expanded family and medical leave for specified reasons related to COVID-19.

QUALIFYING REASONS FOR LEAVE		PAID SICK LEAVE AT FULL PAY	PAID SICK LEAVE AT 2/3 PAY	PAID EXPANDED FAMILY & MEDICAL LEAVE AT 2/3 PAY	IF SUBJECT TO FMLA (TITLE I) PRIOR TO APRIL 1ST, 2020*
1	Subject to Federal, State, or local quarantine or isolation order related to COVID-19	Eligible (up to 80 hours)	N/A	N/A	possibly, if medical condition rises to level of a serious health condition
2	Advised by a health care provider to self-quarantine related to COVID-19				
3	Experiencing COVID-19 symptoms and is seeking a medical diagnosis				
4	Caring for an individual subject to an order described in (1) or self-quarantine described in (2)	N/A	Eligible (up to 80 hours)	Eligible (up to additional 10 weeks)	N/A
5	Caring for child whose school/place of care is closed for reasons related to COVID-19				
6	Experiencing any other substantially-similar condition specified by the Secretary of Health and Human Services, in consultation with the Secretaries of Labor and Treasury			N/A	N/A

CALCULATION OF PAY

Employees working for covered employers are eligible for pay at the following rates:

<p style="text-align: center;">For qualifying reasons 1, 2, and 3:</p> <p>Regular rate or minimum wage, whichever is higher</p> <p>Up to \$511 per day and \$5,110 total during a two-week period</p>	<p style="text-align: center;">For qualifying leave 4 and 6:</p> <p>2/3 their regular rate or 2/3 the applicable minimum wage, whichever is higher,</p> <p>Up to \$200 a day or \$2,000 total per employee during a two-week period</p>	<p style="text-align: center;">For qualifying reason 5:</p> <p>2/3 their regular rate or 2/3 the applicable minimum wage, whichever is higher,</p> <p>Up to \$200 per day and \$12,000* total during a 12-week period</p>
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*\$12,000 in the aggregate (over a 12-week period—two weeks of paid sick leave followed by up to 10 weeks of paid expanded family and medical leave)

IRS COVID-19 RELATED TAX CREDITS FAQ

Determining the Amount of Tax Credit for Qualified Sick Leave Wages ▶

ELIGIBLE EMPLOYEES FOR PAID LEAVE

The paid sick leave and expanded family and medical leave provisions of the FFCRA apply to certain public employers and private employers with fewer than 500 employees.

ELIGIBLE EMPLOYEES	ALL EMPLOYEES		EMPLOYED AT LEAST 30 DAYS	IF SUBJECT TO FMLA (TITLE I) PRIOR TO APRIL 1ST, 2020*
Businesses with fewer than 500 employees	Required to provide (unless employ health care/emergency responders)			Refer to FMLA
Businesses with fewer than 50 employees	May qualify for an exemption to provide leave related to school or childcare closings if it would hurt the business.			
Part Time Employees max hours:	up to average scheduled hours for two weeks		up to average scheduled hours per week	
Daily maximum pay amount	\$511	\$200	\$200	
Two week maximum pay amount	\$5,110	\$2,000	N/A	
10 week maximum pay amount	N/A	N/A	\$10,000	



SEE APPENDIX FOR SAMPLE SCENARIOS

To help you understand how these leave amounts might affect your business and employees, we created some leave scenarios. [Go to the examples](#) ▶

PROHIBITIONS AND PENALTIES

Employers are not allowed to discharge, discipline, or discriminate against any employee who takes paid sick leave under the FFCRA and files a complaint or institutes a proceeding under or related to the FFCRA. Employers that violate the first two weeks’ paid sick time or unlawful termination provisions of the FFCRA will be subject to the penalties and enforcement described in Sections 16 and 17 of the Fair Labor Standards Act. 29 U.S.C. 216; 217. Employers that violate the provisions providing for up to an additional 10 weeks of paid leave to care for a child whose

school or place of care is unavailable are subject to the enforcement provisions of the Family and Medical Leave Act. The Department of Labor will observe a temporary period of non-enforcement for the first 30 days after the act takes effect, so long as the employer has acted reasonably and in good faith to comply. For purposes of this non-enforcement position, “good faith” exists when an employer remedies violations and makes the employee as soon as practicable; the violations were not willful; and the employer sends to the Department of Labor a written commitment to comply with the act. If you have questions about whether you are complying with all of the rules and regulations, consult an employment attorney.

LEAVE TO-DO CHECKLIST



Before any leave, employers should:

- Post or disseminate the required employer notice.
- Determine if your employees are excluded because they're healthcare providers or emergency responders (See Those Excluded from FFCRA section.)
- Determine if you have fewer than 50 employees and if you meet the conditions to be exempt
- Determine telework requirements for employees.
- Determine if pre-existing leave policies allow for concurrent use with the FFCRA Paid Sick Leave and Expanded Family & Medical Leave.
- Determine if you're going to allow intermittent leave.
- Require employees to maintain and submit adequate record of reason for leave as soon as feasible.
- If you're covered by the Family Medical Leave Act before April 1, 2020, determine which employees have already taken FMLA and their remaining leave amounts for your applicable 12-month period.

- Set up separate payroll items for the three possible types of paid leave with applicable maximum limit per employee per leave type: (keep separate from pre-existing sick/vacation leave)
 - **FFCRA Sick Leave Full Pay, max of \$5,110**
 - **FFCRA Sick Leave 2/3 Pay, max of \$2,000**
 - **FFCRA EFML Leave 2/3 Pay, max of \$10,000**
- Track the daily limits that may be on the outside of most accounting software and manually adjust.
- Calculate the average hours (part time or varied full time).
- Calculate the regular rate of pay (and 2/3 of regular rate of pay).
- Calculate payroll tax you would submit through EFTPS website on usual schedule, and subtract FFCRA leave from this amount before submitting.
- If the credit is greater than payroll taxes to submit, you can either withhold them from your next payroll tax liability deposit or submit IRS Form 7200 to request a credit reimbursement.
- Consult with an employment attorney to make sure you fully understand prohibitions and penalties.
- Consult with your accountant if you need any assistance setting up accounts or determining payroll calculations.

SELF-EMPLOYED CONSIDERATIONS

LEAVE FOR THE SELF EMPLOYED

Certain individuals who are self employed or who have side gigs in addition to their regular employment may also qualify for leave.

For someone who's self employed to qualify, they must:

- Be subject to a federal, state, or local quarantine or isolation order related to COVID-19 or caring for someone who is;
- Have been advised by a healthcare provider to self-quarantine because of concerns related to COVID-19; or
- Be experiencing symptoms of COVID-19 and seeking a medical diagnosis.

The qualified sick leave amount is:

- Equal to the number of days during the taxable year that the individual cannot work at their self-employed job for one of the three reasons above, and
- Multiplied by the lesser of \$511 or 100 percent of the "average daily self-employment income" of the individual for the taxable year.

If someone is self employed and caring for someone affected by COVID-19 or their child whose school or childcare facility is closed, the calculation is slightly different. In that case, the qualified sick leave amount is:

- Equal to the number of days during the taxable year that the individual cannot work at their self-employed job for one of the three reasons above, and
- Multiplied by the lesser of \$200 or 67 percent of the "average daily self-employment income" of the individual for the taxable year.

NOTE: In either case, the maximum number of leave days is 10. Those days need to occur between April 1, 2020, and December 31, 2020. Those who are self employed need to maintain records that the Secretary of Treasury requires. Self-employed individuals are also subject to additional rules.



If a self-employed individual also has an employer, their leave amounts are reduced by the amounts they receive from that employer.

EXAMPLE SCENARIO

Sally is an administrative assistant for ACME Work Station, an employer who is covered by FFRCA. She also has a side gig as a Lyft driver. Sally's self-employed qualified sick leave is \$1,500. Sally got \$1,000 in qualified sick leave wages from ACME to take care of her son while his school was closed because of COVID-19. Sally's qualified sick leave equivalent amount would be reduced by \$500, resulting in a credit of \$1,000 calculated as follows:

$$(\$1,500 + \$1,000) - \$2,000 \text{ limit} = \$500$$
$$\$1,500 - \$500 = \$1,000$$

FAMILY LEAVE FOR THE SELF EMPLOYED

Family leave for those who are self employed is limited to 50 days. The amount they're eligible for is multiplied by the lesser of 67 percent of the average daily self-employment income of the individual for the taxable year or \$200.

Qualified family leave equivalent is limited to \$10,000 and has the same limitations as qualified sick leave.

EMPLOYEE RETENTION CREDIT

Eligible employers whose businesses have been impacted by COVID-19 have access to a tax credit through the CARES Act. The Employee Retention Tax Credit — also called the ERC — is a refundable tax credit designed to encourage employers to keep employees on their payroll.

The tax credit is available to all employers regardless of size — including tax-exempt organizations. Businesses and organizations qualify if they're fully or partially shut down because of COVID-19 or experience a significant decline in gross receipts.

ERC EXEMPTIONS

Tax credits aren't available to:

- 1 State and local governments, including government agencies and corporations
- 2 Self-employed individuals
- 3 Small businesses that take out a small business loan under the Paycheck Protection Program



SIGNIFICANT DECLINE IN GROSS RECEIPTS

If an employer doesn't qualify for the credit because of a full or partial shut down, an eligible employer may still qualify if they experience a significant decline in gross receipts. Their gross receipts must be below 50%

of the comparable quarter in 2019 to qualify. As soon as the employer's gross receipts go above 80% of a comparable quarter in 2019, they no longer qualify after the end of that quarter.

	2020 GROSS RECEIPTS	2019 GROSS RECEIPTS	% OF PRIOR YEAR	QUALIFIES
Q1	\$100,000	\$210,000	48%	✓
Q2	\$190,000	\$230,000	83%	✓
Q3	\$230,000	\$250,000	92%	✗



REMINDER ABOUT GROSS RECEIPTS

Gross receipts must be below 50% of the comparable quarter in 2019 to qualify. As soon as the employer's gross receipts go above 80% of a comparable quarter in 2019, they no longer qualify after the end of that quarter.

TAX CREDIT AMOUNTS

The ERC is 50% of qualifying wages paid up to \$10,000 (maximum credit of \$5,000 per employee) for those wages paid after March 12, 2020, and before January 1, 2021. Included in the calculation of qualifying wages is a portion of the cost of employer-provided healthcare.

Example 1:

An eligible employer pays \$10,000 in qualified wages to employee A in Q2 2020. The available tax credit for that employer is \$5,000.

Example 2:

An eligible employer pays employee B \$8,000 in qualified wages in Q2 2020 and \$8,000 in qualified wages in Q3 2020. The tax credit available for that employer is \$4,000 in Q2 and \$1,000 in Q3.

CALCULATION OF THE CREDIT

Qualifying wages are based on the average number of employees in 2019. For employers with less than 100 employees on average in 2019, ERC is based on the wages paid to all employees, regardless if they worked or not. For employers with over 100 employees on average in 2019, ERC is based only on the wages paid to employees who did not work during the calendar quarter.

Example:

Because of a state order, all restaurants in the state are required to close to try to reduce the spread of COVID-19. However, the order allows restaurants to continue food sales to the public on a carry-out, drive-through, or delivery basis. Employee A typically works inside a restaurant as a manager but now must work from home. Their hours have been reduced to 75%, but they are still receiving 100% of their wages*.

- More than 100 full-time employees: 25% of employee A's wages will be considered as qualified wages toward the credit because they're receiving wages for not performing services while the restaurant's operations are partially suspended. The other 75% do not count because employee A is providing services.
- Less than 100 full time employees: 100% of employee A's wages will be considered as qualified wages, regardless of whether they are providing services. Reducing employee A's hours does not affect the ability of the restaurant to take the credit.

**The assumption is employee A is not receiving any paid sick leave or required paid family leave under the Families First Coronavirus Response Act.*



Documentation

While the CARES Act does not prescribe any certain form of documentation, taxpayers should develop a system to maintain records for the following information:

- Documentation to show how the taxpayer figured the amount of the ERC for an individual employee or group of similarly situated employees;
- Documentation to show how the taxpayer figured the amount of qualified plan expenses that they allocated to wages; and
- Documentation to show the taxpayer's eligibility for the ERC based on suspension of operations or a significant decline in gross receipts.

CLAIMING THE CREDITS

FOR ERC

Eligible employers can get immediate access to the credit by reducing employment tax deposits they're required to make. Employers will report their total qualified wages and the related credits for each calendar quarter on their federal employment taxes, usually quarterly on Form 941. Also, if the employer's employment tax deposits are not sufficient to cover the credit, the employer may get an advance payment from the IRS by submitting Form 7200.

Employers can be immediately reimbursed for the credit by reducing their required deposits of employment taxes that have been withheld from the employees' wages by the amount of the credit. For more information about the relief from the penalty for failure to deposit federal employment taxes on account of qualified wages, see Notice 2020-22.



You can find more details about the Employee Retention Credit here:

<https://www.irs.gov/newsroom/faqs-employee-retention-credit-under-the-cares-act> ►

FOR FFCRA

For employers, you'll need to reduce your payroll tax deposit. If the credit is greater than the deposit, you can request advance payment on Form 7200 or when you file the 941 for that quarter. For those who are self employed, you'll need to take a 2020 personal tax return, as there's no advance payment allowed.

Calculating these credits has become more challenging with the release of the revised 941. Talk to your financial professional or accountant if you need help.



QUALIFIED WAGES

For employers that paid qualified wages between March 13, 2020, and March 31, 2020, make sure to include those wages together with the qualified wages paid during the second quarter of 2020 on the second quarter Form 941 to claim the ERC. Do not include the credit on the first quarter Form 941.

An employer may receive both qualified leave tax credits under the Families First Coronavirus Response

Act and ERC but not for the same wages. The amount of qualified wages doesn't include the amount of qualified sick and family leave wages the employer received tax credits for through the Families First Coronavirus Response Act. FFCRA credits are refundable against employment taxes as well, so an employer can't get a double benefit.

EMPLOYER PAYROLL TAX DEFERRAL

Through the CARES Act, as an employer, you can defer depositing and paying your share of Social Security taxes. If you're self employed, you can defer paying certain self-employment taxes.

In a nutshell, you'll end up paying half of your taxes at the end of 2021 and the other half at the end of 2022. And nearly all businesses and those who are self employed qualify for the deferral. Keep in mind you'll still need to pay both the employee and employer portion of Medicare and federal withholding taxes by their regular dates so you don't incur penalties and interests.

HOW IT WORKS

Through this allowance, you can defer paying the employer share — so 50% — of Social Security taxes on wages that were earned from March 27, 2020, through Dec. 31, 2020. This applies whether you're an employer or self employed.

NOTE: If you're a regular employer who files Form 941, be advised that there's a new form for Q2 2020. See the New Form 941 for details.

PPP FLEXIBILITY ACT

Under the recently enacted PPP Flexibility Act, employers can still defer those taxes even if their PPP loan was forgiven.

Your deferred deposits will need to be paid by the following dates to avoid a penalty:

- Dec. 31, 2021: 50% of the deferred amount; and
- Dec. 31, 2022: the remaining 50%

Talk to your financial professional to see if this deferral makes sense for you and your business and what it means for your financial situation.



You can find full details and definitions here:

<https://www.irs.gov/newsroom/deferral-of-employment-tax-deposits-and-payments-through-december-31-2020> ▶

ADDITIONAL RESOURCES

As with most of the COVID-19-related legislation and new rules, it's likely that the government will release additional guidance. Our expert team is closely monitoring all new information to keep you informed about any changes that may impact you or your business. If you have any questions about any of the new rules, don't hesitate to let us know.

CASEY PETERSON, LTD RESOURCES PAGE

www.caseypeterson.com/resource-center/covid-19-resources

H.R. 6201 - FAMILIES FIRST CORONAVIRUS RESPONSE ACT

www.congress.gov/bill/116th-congress/house-bill/6201/text

DEPARTMENT OF LABOR'S WAGE AND HOUR DIVISION:

www.dol.gov/agencies/whd/pandemic

DEPARTMENT OF LABOR

www.dol.gov/

*For more information about types of employers and employees who are excluded, see the **FFCRA Questions and Answers Sheet, Questions 56-57** on the Department of Labor website.*

EMPLOYER CREDIT CLARIFICATIONS FOR PAID FAMILY AND MEDICAL LEAVE

www.irs.gov/newsroom/section-45s-employer-credit-for-paid-family-and-medical-leave-faqs

This communication is intended to provide general information on legislative COVID-19 relief measures as of the date of this communication and may reference information from reputable sources. Although our firm has made every reasonable effort to ensure that the information provided is accurate, we make no warranties, expressed or implied, on the information provided. As legislative efforts are still ongoing, we expect that there may be additional guidance and clarification from regulators that may modify some of the provisions in this communication. Some of those modifications may be significant. As such, be aware that this is not a comprehensive analysis of the subject matter covered and is not intended to provide specific recommendations to you or your business with respect to the matters addressed.

EMPLOYER PAID LEAVE EXAMPLES

SCENARIO NO. 1

Sally from ACME Work Station is caring for her daughter and son, both of whose schools are closed.

She'll be off work and receiving paid leave from ACME Work Station. Sally makes \$150 per day and contributes \$100 a week to her health insurance, and ACME contributes \$150 weekly.

Weeks 1-2

The payroll credit for Sally's sick leave is calculated as follows:

- The credit is limited to the lesser of 2/3 of Sally's pay (\$100 per day) or \$200 per day.

Sick leave credit for Sally	$\$150 \times 2/3 \times 10$ days	\$999
Health insurance paid for Sally during sick leave	$(\$100 + \$150) \times 2$ weeks	\$500
Employer Medicare tax due for Sally during sick leave	$\$150 \times 10$ days $\times 1.45\%$	\$22
	TOTAL CREDIT*	\$1,521

*The credit will be applied to total employer Social Security payments for the quarter.

Weeks 3-12

The payroll credit for Sally's family leave will be calculated as follows:

- The credit is limited to the lesser of 2/3 of Sally's pay during the 10-week period (\$4,995) or \$10,000.

Family leave credit for Sally	$\$150 \times 2/3 \times 50$ days	\$4,995
Health insurance paid for Sally during family leave	$(\$100 + \$150) \times 10$ weeks	\$2,500
Employer Medicare tax due for Sally during sick leave	$\$150 \times 50$ days $\times 1.45\%$	\$109
	TOTAL CREDIT*	\$7,604

*The credit will be applied to total employer Social Security payments for the quarter.

EMPLOYER PAID LEAVE EXAMPLES

SCENARIO NO. 2

Sam with Tasty Restaurant is required to comply with a self-isolation recommendation because of COVID-19.

As such, Sam will be off work and receiving paid leave from Tasty Restaurant. Sam makes \$600 a day and contributes \$75 a week to his health insurance. Tasty Restaurant contributes \$200 every week to the insurance plan.

Weeks 1-2

The payroll credit for Sam's sick leave is calculated as follows:

- The credit is limited to the lesser of his actual wages (\$600 per day) or \$511 per day.

Sick leave credit for Sam	\$511 x 10 days	\$5,110
Health insurance paid for Sam during sick leave	(\$75 + \$200) x 2 weeks	\$550
Employer Medicare tax due for Sam during sick leave	\$600 x 10 days x 1.45%	\$87
	TOTAL CREDIT*	\$5,747

*The credit will be applied to total employer social security payments for the quarter.

Weeks 3-12

The payroll credit for paid family leave doesn't apply in Sam's situation.

EMPLOYER PAID LEAVE EXAMPLES

SCENARIO NO. 3

Al's Auto Parts has 50 employees. Of those employees, 15 take two weeks of sick leave because they're required to self quarantine or because they've been diagnosed with COVID-19.

Another five employees take two weeks of sick leave to take care of their children whose school is now closed. Those five employees also take 10 weeks of family leave to take care of their kids.

All employees make \$250 a day and contribute \$75 a week to their health insurance plan. Al's Auto Parts kicks in \$200 a week to the insurance plan for each employee.

Weeks 1-2

The payroll credit for Al's Auto Parts sick leave will be calculated as follows:

- The credit for employees who are self-quarantined or diagnosed with COVID-19 is limited to the lesser of actual wages (\$250 per day) or \$511 per day.
- The credit for employees caring for a child whose school is closed is limited to the lesser of 2/3 of their actual wages (\$167 per day) or \$200.

Sick leave credit for Al's Auto Parts employees on self quarantine or with a COVID-19 diagnosis	15 employees x \$250 x 10 days	\$37,500
Sick leave credit for Al's Auto Parts employees caring for a child	5 employees x \$250 x 2/3 x 10 days	\$8,333
Health insurance paid for Al's Auto Parts during sick leave	20 employees x (\$75 + \$200) x 2 weeks	\$11,000
Employer Medicare tax due for Al's Auto Parts during sick leave	20 employees x \$250 x 10 days x 1.45%	\$725
	TOTAL CREDIT*	\$57,558

*The credit will be applied to total employer social security payments for the quarter.

EMPLOYER PAID LEAVE EXAMPLES

Weeks 3-13

The payroll credit for Al's Auto Parts family leave will be calculated as follows:

- The credit for employees who are caring for a child whose school is closed is limited to the lesser of 2/3 of actual wages (\$167 per day) or \$200.

Family leave credit for Al's Auto Parts employees caring for a child	5 employees x \$250 x 2/3 x 50 days	\$41,667
Health insurance paid for Al's Auto Parts during family leave	5 employees x (\$75 + \$200) x 10 weeks	\$13,750
Employer Medicare tax due for Al's Auto Parts during family leave	5 employees x \$250 x 50 days x 1.45%	\$906
	TOTAL CREDIT*	\$56,323

**The credit will be applied to total employer social security payments for the quarter.*

EMPLOYER PAID LEAVE EXAMPLES

SCENARIO NO. 4

Erin's Engineering has 50 employees. Of the 50, 15 take two weeks of sick leave because they're required to self quarantine or because they've been diagnosed with COVID-19.

Another five employees take two weeks of sick leave to take care of their kids whose school's closed down. Also, those five take 10 weeks of family leave so they can keep caring for their kids.

All employees make \$600 a day and contribute \$75 a week to their health insurance. Erin's Engineering contributes \$200 every week to the plan for each employee.

Weeks 1-2

The payroll credit for Erin's Engineering's sick leave will be calculated as follows:

- The credit for employees who are self-quarantined or diagnosed with COVID-19 is limited to the lesser of actual wages (\$600 per day) or \$511 per day.
- The credit for employees who are caring for a child whose school is closed is limited to the lesser of 2/3 of actual wages (\$400 per day) or \$200.

Sick leave credit for Erin's Engineering employees on self-quarantine or with a COVID-19 diagnosis	15 employees x \$511 x 10 days	\$76,650
Sick leave credit for Erin's Engineering employees caring for a child	5 employees x \$200 x 10 days	\$10,000
Health insurance paid for Erin's Engineering during sick leave	20 employees x (\$75 + \$200) x 2 weeks	\$11,000
Employer Medicare tax due for Erin's Engineering during sick leave	20 employees x \$600 x 10 days x 1.45%	\$1,740
	TOTAL CREDIT*	\$99,390

*The credit will be applied to total employer social security payments for the quarter.

EMPLOYER PAID LEAVE EXAMPLES

Weeks 3-13

The payroll credit for Erin's Engineering's family leave will be calculated as follows:

- The credit for employees who are caring for a child whose school is closed is limited to the lesser of 2/3 of actual wages (\$400 per day) or \$200.

Family leave credit for Erin's Engineering employees caring for a child	5 employees x \$200 x 50 days	\$50,000
Health insurance paid for Erin's Engineering during family leave	5 employees x (\$75 + \$200) x 10 weeks	\$13,750
Employer Medicare tax due for Erin's Engineering during family leave	5 employees x \$600 x 50 days x 1.45%	\$2,175
	TOTAL CREDIT*	\$65,925

**The credit will be applied to total employer social security payments for the quarter.*

WE'RE ALWAYS HERE FOR YOU

We understand this current health crisis is scary for a lot of people and businesses. Every day, there's a new financial question or concern.

But we also know that we've weathered other storms before — together — and that we'll do the same this time.

If there's anything we can do for you or any questions we can answer, please don't hesitate to reach out.

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SOCIAL    

