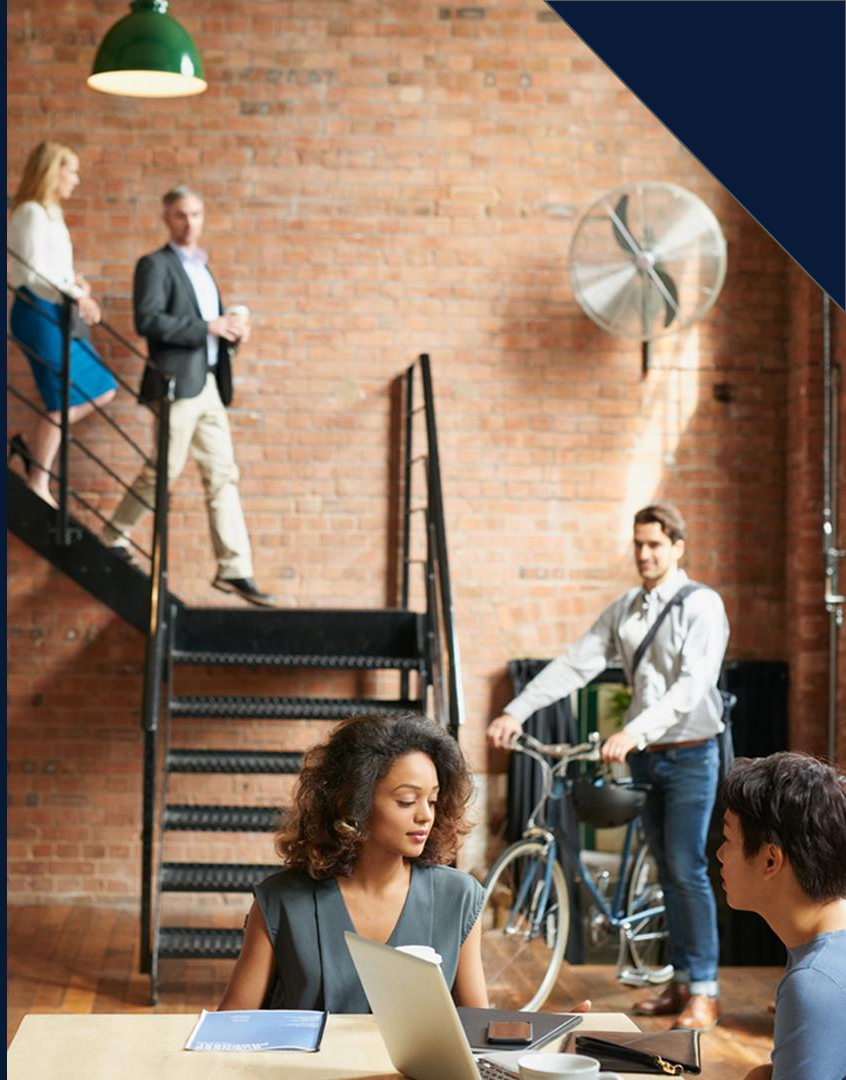




# OnePoint HCM FFCRA & CARES Update

Presenters: David Miller & Scott Yokoyama





- Overview of the Coronavirus Aid, Relief, and Economic Securities Act or “CARES Act.”
- Overview of the Families First Coronavirus Response Act or “FFCRA Act.”
- How OnePoint is addressing these new acts and employer provisions.



# Coronavirus Aid, Relief, and Economic Securities Act or “CARES Act” Effective March 27, 2020.

Providing Alternatives to Closure and Layoffs - The CARES Act gives employers the following options and benefits, which may allow them stay open and keep more people employed:

- 1. The Small Business Administration (SBA) Payroll Protection Program:** Loans of up to \$10 million per business; any portion of that spent to pay employees, keep workers on payroll, or pay for rent, mortgages, or existing debt could be forgiven, provided workers remain employed through the end of June. Small businesses with existing SBA loans may have up to six months of payments waived.
- 2. Employee Retention Credit:** Businesses who are not closed but have experienced a decline in gross receipts of 50%, as compared to the same quarter of 2019 or who have been fully or partially shut down by order, may be eligible to receive a refundable tax credit for 50% of qualified employee wages up to \$10,000 per employee. This is unrelated to the dollar-for-dollar payroll tax credit that can be taken for FFCRA leaves.

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# Coronavirus Aid, Relief, and Economic Securities Act or “CARES Act”

- 3. Employer Social Security Tax Deferral:** Beginning April 1, 2020, employers may elect to *defer* payment of the 6.2% employer Social Security tax through December 31, 2020. Deferred tax amounts must be repaid with 50% payments due by December 31, 2021 and December 31, 2022.

A combination of tax credit and loan programs that may offer greater benefits to employers than a tax payment deferral, which effectively builds a tax debt. The following are some, but not all of the options:

- Paid Sick/Family Leave Credit (FFCRA Sections 7001 & 7003), or
- Employee Retention Credit (CARES Act Section 2301)
- Payroll Protection Program loans (CARES Act Section 1102)
- Employer Credit for Paid Family and Medical Leave (§ 45S of the IRC)
- Employers may take net operating losses (NOLs) earned in 2018, 2019, or 2020 and carry back those losses five years. The NOL limit of 80 percent of taxable income is also suspended

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# Coronavirus Aid, Relief, and Economic Securities Act or “CARES Act”

## Restrictions

Employer Social Security tax deferral is not available to employers receiving assistance through the Paycheck Protection Program ("PPP") (Section 1102 of the CARES Act.)

Other tax credits provisions generally also apply to employer Social Security taxes, potentially reducing or even eliminating such taxes for the balance of 2020.

If an employer elects to defer the ER portion of Social Security these taxes will become due to the the IRS starting in December 2021. OnePoint will not be able to pay these taxes due, however will provide reports so that you can pay the amount owed.

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# Coronavirus Aid, Relief, and Economic Securities Act or “CARES Act”

## Employee Retention Credit for Closures Due to Covid-19

All private sector employers experiencing a closure (including non-profit organizations) may claim a tax refund against employer Social Security tax equal to 50% of wages paid during the COVID-19 crisis, up to \$10,000 in wages per employee. Private sector employers may also qualify if they experienced a 50% decline in gross receipts, as compared to the same quarter of the prior year. A private sector employers' eligibility ends with the calendar quarter following the first calendar quarter in which the gross receipts are greater than 80% of gross receipts for the same calendar quarter in the prior year.

- For employers with more than 100 employees, that provided no services during the shut-down.
- For employers with 100 or less employees, all wages qualify for the credit.
- Applies to wages paid after March 12, 2020 and before January 1, 2021.

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# Coronavirus Aid, Relief, and Economic Securities Act or “CARES Act”

## Employee Retention Credit for Closures Due to Covid-19

- Credit applied during the quarter may not exceed the total employer Social Security tax, however excess amounts may be refunded.
- Employers that obtain Payroll Protection Program loans are not eligible for the Employee Retention Credit. Conversely, employers that receive this credit are not eligible for PPP loans.
- Credit is reduced by any Paid Family and Medical Leave Credit.
- Excludes paid sick leave or paid family leave wages paid under the FFCRA, however, this credit may apply to wages paid to the same employee once they return to work.
- Excludes wages paid for which the employer receives Work Opportunity Tax Credit (WOTC)
- Aggregation rules apply for determining whether an employer meets the 100-employee threshold; i.e., employers that are related will be treated as a single employer.

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# Coronavirus Aid, Relief, and Economic Securities Act or “CARES Act”

## Impact on Unemployment Insurance

The CARES Act expands unemployment benefits by 13 weeks and adds \$600 to the weekly amount an individual would usually receive. While these unemployment benefits are generous, employers should still consider their options and incentives under the CARES Act mentioned above, before making decisions about reduced hours, furloughs, or layoffs.

Employees who experience reduced hours, furloughs, or layoffs should be encouraged to file for unemployment insurance as soon as possible. Employees can file online at the following link:

[https://www.edd.ca.gov/Unemployment/Filing\\_a\\_Claim.htm](https://www.edd.ca.gov/Unemployment/Filing_a_Claim.htm)

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# Coronavirus Aide, Relief, and Economic Securities Act or “CARES Act”

## Payroll Protection Program (“PPP”)

Employers with less than 500 employees are eligible for the PPP loan program through June 30, 2020, which will provide federally-guaranteed loans equivalent to ten weeks of payroll costs. Loaned funds can pay for payroll, rent, health care and other costs, and are forgivable based on continued employment of employees and wage levels maintained.

- 500 employee limit may be determined based on the number of employees per physical location.
- Loan amounts are determined based on 250% of average monthly payroll costs, up to a limit of \$10 million.
- In addition to wages, commissions and other compensation, the calculation of payroll costs includes health care costs such as insurance premiums, state/local employer taxes and other specified costs.

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# Coronavirus Aide, Relief, and Economic Securities Act or “CARES Act”

## Payroll Protection Program (“PPP”)

- PPP loans are forgivable as long as employers maintain employment and wage levels. Funds may be used to retain workers and maintain payroll, and to pay for such expenses as mortgages, rent, health care, utilities and other specified expenses. Loan amounts forgiven are excluded from taxable income for federal income tax purposes.
- Lenders will be required to obtain specified documentation to demonstrate employment and wage levels through the period.

<https://www.sba.gov/funding-programs/loans/paycheck-protection-program-ppp>

Employers should consult with appropriate legal and tax professionals to determine which of these programs best meets their needs and circumstances.

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# Coronavirus Aide, Relief, and Economic Securities Act or “CARES Act”

## Payroll Protection Program ("PPP") Restrictions

- PPP loans may not be used to pay:
  - wages exceeding \$100,000 per employee or \$8,333 per month for an any employee.
  - Federal employment taxes
  - Employees who live outside the U.S
  - FFCRA paid sick or family leave wages for which credit is allowed
- Employers that participate in the PPP are not permitted to defer employer Social Security taxes under Section 2302 of the CARES Act.
- Employers that receive the Employee Retention Credit for Closures Due to COVID-19 (CARES Act, Sec. 2301) are not eligible for the PPP.

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# **Families First Coronavirus Response Act or “FFCR Act”**

## **Effective April 1, 2020**

### **Payroll Protection Program (“PPP”) Restrictions**

- Applies to businesses with less than 500 employees (Some employers under 50 may be exempt).
- Sick and family leave pay covered under this Act are considered taxable wages, but are exempt from employer social security taxes.
- Employees who have been employed for at least 30 calendar days are eligible for up to 12 weeks of job protected leave.
- Paid FMLA leave is available when an employee is unable to work because they need to care for a child under 18 whose school or daycare has been closed due to COVID-19.
- Paid sick leave of up to 80 hours is available to full-time employees, regardless of how long they have been employed by the employer. Part-time employees are eligible based on the average number of hours worked (including leave) over a 2-week period over the last 6 months.

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# Families First Coronavirus Response Act or “FFCRA Act”

## Effective April 1, 2020

### Guidance from the DOL on Administering FFCRA Leaves

We strongly suggest that employers read through the entire FFCRA [Question and Answers document](#) on the DOL website linked on our COVID-19 Resource Center on our website. The following are some highlights from the updated guidance:

- These leaves are not available to employees with reduced hours, furloughed employees, or employees whose workplaces are closed. See questions 23-28.
- These leaves are not available to employees whose workplaces are closed due to a federal, state, or local shelter-in-place or stay-at-home orders, or due to business slowdowns.
- These leaves (and payroll tax credit) are not retroactive. Employees are not entitled to pay under these leaves if they were absent or out of work (for any reasons) prior to April 1.

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# Families First Coronavirus Response Act or “FFCR Act” Effective April 1, 2020

## Guidance from the DOL on Administering FFCRA Leaves

- Both Emergency Paid Sick Leave (EPSL) and Emergency Family and Medical Leave (EFMLA) can be taken on an intermittent basis in certain situations. See Questions 20-22 for explanations about when intermittent leave is allowed.
- Employees may not be required to use other forms of paid leave prior to or concurrently with EPSL or EFMLA. See questions 32 and 33.
- Employers should keep documentation to show that employees who received leave were actually in need of leave. The documentation requirements will be outlined in a soon-to-be-released IRS guidance. See Questions 15 and 16.

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# OnePoint HCM Response and Preparedness for COVID-19

- Department of Labor (DOL) Coronavirus Resource Center
  - <https://www.dol.gov/coronavirus>
- IRS Coronavirus Tax Relief
  - <https://www.irs.gov/coronavirus>
- CA Employment Development Department
  - [https://edd.ca.gov/about\\_edd/coronavirus-2019.htm](https://edd.ca.gov/about_edd/coronavirus-2019.htm)
- OnePoint HCM Coronavirus (COVID-19) Resource Center
  - <https://onehcm.com/coronavirus-covid-19-resource-center/>
- OnePoint HCM: HR Support Center
  - Free 90 day trial for customers who are not currently subscribed



# Coronavirus Response Resources

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**Live Demo:** OnePoint HCM Coronavirus (COVID-19) Resource Center  
<https://onehcm.com/coronavirus-covid-19-resource-center/>



# Coronavirus Response Resources

## Live Demo: HR Support Center



### **Complimentary HR Support Center for 90 Days:**

In this time of uncertainty OnePoint is offering all our clients 90-day access to the HR Support Center online portal. This portal supports thousands of HR professionals with resources, training, sample policies, forms, employment law alerts and more.

Most importantly the certified HR professionals are working around the clock to provide the latest resources on Coronavirus response and guidance on the Families First Coronavirus Response Act (FFCRA).

## Time & Attendance Module-New Time Off Codes

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**FFCRA Sick Employee**–Time off code is used to track paid sick leave for self. Code will pass hours from the time and attendance module to payroll at employee’s base rate of pay.

**FFCRA Sick Family**–Time off code is used to track paid sick leave for the care of a family member. Code should only be used to track the first 10 days. The code will pass hours from the time and attendance module to payroll at employee’s base rate.

**FFCRA FMLA Paid**–Time off code is used to track the extended FMLA paid. The code will pass hours from the time and attendance module to payroll at employee’s base rate.

# Payroll Module-New Earning Codes

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**Three New Earning Codes added (Tax Exempt from ER Social Security only):**

**FFCRA Sick Leave Employee**–Used for the employer paid sick leave.

**FFCRA Sick Leave Family**–Used for employer paid child/individual care leave.

**FFCRA FMLA**–Used for employer paid child/individual care leave for extended FMLA.

# New Earning Codes

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**Live System Demonstration of Time Off Codes and New Earning Codes**

# Tracking/Reporting

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## How to track FFCRA daily and total maximum

**FFCRA Sick Employee**—up to \$511 per day and \$5,110 in the aggregate (over a 2-week period).

**FFCRA Sick Family**—up to \$200 per day and \$2,000 in the aggregate (over a 2-week period).

**FFCRA FMLA**—up to \$200 per day and \$10,000 in the aggregate (over a 10-week period).

# New Time Off and Earning Codes-Highlights

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- OnePoint will create three new time off codes for time and attendance customers.
- Sick leave balances can be tracked to stop employers at a set maximum hours on timesheets.
- OnePoint will create the three new earning codes for payroll customers, all defaulted to exempt for ER Social Security (OASDI).
- Earning codes will be pre-configured with a rate multiplier of 1.0 for Sick leave EE and a rate multiplier of 2/3rds or 0.6667 for Sick leave Family and FMLA.
- Enforce daily limits—currently may be accomplished through payroll reports.

# FFCRA Earning Codes-Tax Credit Overview

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- The new earning codes were created with the following taxability:
  - Fully taxable for all federal taxes with the exception of Social Security (OASDI)
  - OASDI Employee wages and taxes will be calculated and withheld
  - OASDI Employer wages will be exempt, no taxes will be withheld
  - Fully taxable for all state and local jurisdictions
- All FFCRA earning codes will be used to offset federal tax liabilities calculated in each payroll
  - *Currently in development*
- Payroll reports will be modified to reflect the new earning codes
  - *Currently in development*

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