

# CARES Act & FFCRA

## *Legislative Coronavirus Responses*

### Overview

Amid the COVID-19 outbreak, The “Families First Coronavirus Response Act” (FFCRA) and the “Coronavirus Aid, Relief, and Economic Security Act” (CARES) are two major acts signed into law that impact both employees and employers. There are differences, though they both intend to provide immediate and future economic relief across a broad spectrum.

#### CARES Act

The CARES Act is a \$2 trillion stimulus package providing relief to small businesses, big businesses, individuals, public health, education, and state/local governments. Key items include:

- Deferral of payments for employer social security tax
- Employee retention credit
- Paycheck Protection Program (PPP)
- Expansion of Unemployment Insurance (UI) benefits

#### FFCRA

FFCRA is designed to provide additional Extended Sick Pay and expanded FMLA to employees impacted by COVID-19 for employers with 500 or fewer employees. Key items include:

- Expanded paid sick leave (EPSL)
- Expanded family leave (EFMLA)
- Credit for EPSL and EPFL wages applied to all Federal Payroll Taxes
- Companies with less than 50 EE’s may be exempt

#### What Are We Doing?

- Adding tax codes for deferment of taxes related to the deferral payment option listed above
- Creating new earning codes for retention credit and CARES furlough leave types
- Developing a calculation to capture payroll data from 3/13 to current to save client effort
- PPP loan tracking report
- Student loan garnishment deferral tax override
- Three earning codes deployed for applicable FFCRA / CARES
- EPSL and EFMLA tracking added directly into our product suite
- Calculating average pay in compliance with FFCRA
- New Accrual Policy to support EPSL
- Calculating and Applying the appropriate tax credit

#### Resources

- PEAK: Navigate to the Topics Section: [“Coronavirus Information.”](#) Further information available under “Search Topic.”
- Community Group: Join the [“Coronavirus Client Questions”](#) Group (internal only)
- Kits: Review the “Coronavirus Preparedness Kit” and share with clients and prospects
- Client Webinar: CAREs Webinar hosted live 3/30 for clients at 2pm CST – Recording available in the LMS afterward

# CARES Act

## Overview

Key items include: deferral of payments for employer social security tax, employee retention credit, paycheck protection program (PPP), expansion of unemployment insurance (UI) benefits.

### Deferral of Payments – Effective 3/27/2020 (PEAK Article PCTY-85247)

- Employers can choose to defer payments of ER Social Security
- Any company size is eligible (unless they are using PPP loans)
- Deferred taxes must be paid back with 50% due by 12/31/2021 and the remaining 50% by 12/31/2022

### Employee Retention Credit – Effective 3/13/2020 (PEAK Article PCTY – 85248)

- Eligible employers will receive a 50% credit on qualified wages up to \$10k against their employment taxes each quarter (Maximum credit amount of \$5K)
- Eligibility determined by:
  - Not available to an employer using a PPP loan
  - For employers with less than 100 employees, it applies to all employee wages
  - For employers with 100+ employees, applies to furloughed employees with pay

### Paycheck Protection Program (PPP) – Effective Immediately (PEAK Article PCTY – 85246)

- Expands existing small business act loan program by providing loans up to 250% of the prior year's average monthly payroll up to \$10 million

### Expansion of Unemployment (UI) Benefits - Effective Immediately (PEAK Article PCTY – 85249)

- Expanded unemployment benefit eligibility to previously excluded groups, such as self-employed, independent contractors, reduced schedule workers
- Unemployment Payment benefit increase of up to \$600
- Unemployment benefit timeline extension for an additional 13 weeks

#### Getting Started Talk Tracks

Because the next steps of this process are vital to the continued success of your organization, we want to ensure we equip you with the resources necessary to make an informed decision. Let's navigate over to PEAK and choose "Coronavirus Information" under the Topics Section, located at the top left of your screen.

*Note: From here you can select Legislation > CARES or utilize the Topic Section Search*

# FFCRA

## Overview

Key items include: expanded paid sick leave, expanded family leave, credit against EPSL and EFMLA wages against employer FICA. Companies with less than 50 employees may be exempt from leave requirements if the requirements would jeopardize the viability of the business.

### Expanded Sick Pay (PEAK Article PCTY – 85237)

- Two weeks of paid leave to all employees for certain COVID-19 related matters.
- All employees are eligible for this mandated sick pay once they have been employed for 30 calendar days. Expires 12/31/2020.

### Expanded Family Leave (EFMLA) (PEAK Article PCTY – 85236)

- Provide up to 12 weeks of partially paid benefits (2/3 of wages) to employees who will be staying home with children due to COVID-19 emergency closures
- Declared by Federal, State, or Local Governments.

### Tax Credits (PEAK Article PCTY – 85238)

- A tax credit is available for the amount of wages paid to employees on FFCRA-mandated sick pay or leave. Credit is applied to the current payroll up to the amount of the Federal Deposit.
- Employers also receive a credit for the *Employer* portion of Social Security taxes owed for employees paid on FFCRA-mandated sick pay or leave; applied each quarter.
- A tax credit is available for the employer cost of Medical insurance.
- Coverage of COVID-19 testing at no cost under health plans.

## Further Information

For further information, please see the FFCRA [Microkit](#) as well as our [FFCRA Paylocity Podcast](#)

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