

PPP OWNER COMPENSATION

As of 4-20-2020 how we “think” owner comp is calculated (still need more guidance)

<u>Entity Type</u>	<u>Owner Comp Calc</u>	<u>Source</u>
Corporation	use owner gross wages	April 2 nd Treasury guidance
S-Corporation	use owner gross wages	April 2 nd Treasury guidance
Partnership	use self-employment income	April 14 th Treasury guidance
Sole Proprietor	use Schedule C, Line 31	April 14 th Treasury guidance

All owner comp is limited to \$100,000 annually

For all amounts you would divide by 12, then multiply by 2.5.

DELAY OF PAYMENT OF SOCIAL SECURITY PAYROLL TAXES

- Employers and self-employed individuals can defer payment of the employer's share of social security tax (but not medicare tax) during the period of March 27, 2020 to December 31, 2020.
- The deferred portion can be paid over the following two years, with half being paid by December 31 2021, and the other half paid by December 31, 2022.
- Employers are not eligible once they receive confirmation of forgiveness of debt under the PPP loan program.
- <https://www.irs.gov/newsroom/deferral-of-employment-tax-deposits-and-payments-through-december-31-2020>

EMPLOYER RETENTION CREDIT

- Maximum tax credit is \$5,000 per employee
- Employers receive a refundable payroll tax credit for 50% of qualified wages (up to \$10,000 in wages) paid from March 13, 2020 to December 31, 2020.
- To be eligible, the business must be fully or partially suspended due to COVID-19 and experience a gross revenue decline of at least 50% compared to the same quarter in the prior year.
- Qualified wages depend on the number of employees. For businesses with 100 or fewer employees, all wages count; for businesses with over 100 employees, only count wages paid to employees not working. An allocated portion of group health plan expense may also count toward “qualified wages.”
- Employers are not eligible if they receive funds from the PPP loan program.

EMERGENCY PAID SICK AND EMERGENCY FAMILY MEDICAL LEAVE EXPANSION

- Employers will receive 100% of their costs as a refundable payroll tax credit for the required sick leave and family medical leave.
- This tax credit will not preclude employer from PPP loan, but payments will not count as payroll expense.
- Lots of technical rules: Extensive Q&A's from DOL and IRS.
- <https://www.dol.gov/agencies/whd/pandemic/ffcra-questions>
- <https://www.irs.gov/newsroom/covid-19-related-tax-credits-for-required-paid-leave-provided-by-small-and-midsize-businesses-faqs>

PANDEMIC UNEMPLOYMENT

- A \$600 addition to the weekly unemployment benefits (as soon as the states have implemented).
- Providing an additional 13 weeks of state unemployment insurance benefits, available after the employee has exhausted all their regular unemployment benefits.
- To be eligible, employees must be actively engaged in searching for work, however, states can provide flexibility in the criteria in cases due to illness, quarantine, or movement restrictions.
- It also offers jobless benefits to previously ineligible groups, which include self-employed individuals. These workers are eligible to receive half their state's average weekly unemployment benefit in addition to the new \$600 a week benefit.