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Business Specialists

1. New Employer Tax Credits

a. Credit for Sick and Family Leave

- i. An employee who is unable to work because of coronavirus quarantine is entitled to paid sick leave for up to 10 days (80 hours). The employee is paid the regular rate of pay up to \$511/day, but not more than \$5,110 in total.
- ii. An employee caring for someone with coronavirus or caring for a child because the child's school or place of care is closed for up to two weeks (80 hours). The employee is paid at two-thirds the regular rate of pay up to \$200 per day, but not more than \$2,000 in total.
- iii. An employee caring for a child because the child's school or place of care is closed is also entitled to paid family medical leave at two-thirds the regular rate of pay up to \$200 per day, but not more than \$10,000 in total. Up to ten weeks can be counted towards the family leave credit.
- iv. Eligible employers are entitled to receive a credit in the full amount of the required sick leave and family leave plus health plan expenses and the employer's share of Medicare tax on the leave, for the period of April 1, 2020 through December 31, 2020. The refundable credit is applied against employment taxes on wages paid to all employees.

b. Employee Retention Credit

- i. A refundable tax credit equal to 50% of up to \$10,000 in qualified wages (including health expenses) paid after March 21, 2020 and before January 1, 2021.
- ii. Eligible employers are business with operations that have been partially or fully suspended due to government orders due to COVID-19, or that have experienced a significant decline in gross receipts compare to 2019.
- iii. The refundable credit is capped at \$5,000 per employees.
- iv. The credit can be claimed against federal employment tax deposits or an advance can be requested using Form 7200 for any amounts not covered by the reduction in deposits.
- v. An employer may not utilize the Employee Retention Credit if the employer has received a Paycheck Protection Program Loan.

2. Payroll Tax Delay

- a. Employer may defer the deposit of the employer's portion of Social Security taxes.
- b. Applies to payments required to be made from March 27, 2020 to December 31, 2020.
- c. 50% of the deferred amount is due on December 31, 2021 and the remaining 50% is due on December 31, 2022.
- d. An employer that receives a PPP Loan may defer the deposit of taxes through the date the lender issues a decision to forgive the loan.
- e. Also applies to self-employed individuals.
- f. Need to budget cash flow to pay the deferred amounts.

3. Employers need to work with their payroll provider to properly report the credits and deferral of deposits.

4. The IRS has a webpage providing information on Coronavirus Tax Relief

<https://www.irs.gov/coronavirus-tax-relief-and-economic-impact-payments>