



With this Covid-19 pandemic affecting everyone's personal and business lives, many are taking actions to help businesses and families deal with hardships during this uncertain time. This alert identifies some of these actions –

- The IRS has provided tax-payment and filing relief allowing any taxpayer who owes federal income tax historically due 4/15/20, to delay remittance of that tax payment until 7/15/20, the new filing deadline for 2019 individual income tax returns, without incurring any penalties or interest. This also includes the 1st estimated tax payment due on 4/15/20. Some states have conformed to federal provisions, however, PA has not yet issued any guidance.
- The Paid Sick Leave Act (Part E of the Families First Coronavirus Response Act) was signed by President Trump on 3/18/20 and will need to be implemented within 15 days. This Act requires Small Employers (under 500 employees) to provide the following leave benefit, if one of six triggering events occur:
 - 80 hours of paid sick leave to full-time employees
 - 2 weeks of paid sick leave to part-time employees, based on the average hours that the part-time employee works

This paid leave requirement would be triggered if an employee is unable to work (or telework) for any of the following 6 reasons:

- 1 To self-isolate or quarantine due to a federal, state, or local quarantine or isolation order related to COVID-19
- 2 To quarantine due to COVID-19 concerns on the advice of a health care provider
- 3 To obtain a medical diagnosis or care if the employee has COVID-19 symptoms
- 4 To care for someone (not limited to family) experiencing one of the first two situations listed
- 5 To care for the employee's son or daughter if the school or place of care has been closed, or the child care provider is unavailable, due to COVID-19 (the Secretary of Labor could exempt businesses with fewer than 50 employees from this requirement if it would jeopardize the viability of a business as a going concern)
- 6 The employee is experiencing another substantially similar condition to those above if specified by the Secretary of Health and Human Services in consultation with the Secretaries of Labor and the Treasury

Self-Care Paid Leave (1-3 above) is paid at the employee's regular rate of pay (not less than minimum wage) and is capped at \$511 per day and \$5,110 in the aggregate and Family Care Paid Leave (4-6 above) is 2/3rds of their normal pay rate, but is capped at \$200 per day and \$2,000 in the aggregate.

The Secretary of Labor could exclude health care providers and emergency responders from these requirements.

- The FMLA (Family Medical Leave Act) Expansion Act adds a new category of leave through 12/31/20 called the Public Health Emergency Leave which will cover employees who are unable to work (including telework) due to a need to care for a child under 18 years if school or child care is unavailable due to a public health emergency (limited to one declared by a federal, state, or local authority related to COVID-19). Small employers with under 50 employees are subject to these new provisions, even though they were exempted from FMLA previously. This leave would be for employees that have been employed for at least 30 days and at a rate of no less than two thirds of their regular pay rate. There will be some exceptions for small employers with fewer than 25 employees and for health care providers and emergency responders.
- In order to partially offset the financial burden to Companies that provide paid sick leave to employees, payroll and income tax credits have been provided under Division G of the Families First Coronavirus Response Act. Wages paid under this Act will be exempt from the employer portion of the social security tax and there will be a refundable credit against the employer's share of social security tax in the amount of wages paid to employees for paid leave with the following limits:
 - For the Paid Sick Leave Act, up to \$200 per day for Family Care Leave wages and up to \$511 per day for Self-Care Leave wages. A total of 10 days per employee paid in any quarter during 2020.
 - For the FMLA Expansion Act, up to \$200 per individual per day, up to a cumulative \$10,000 for all calendar quarters.

Similarly, self-employed individuals will be able to claim the refundable credit in the amount of daily average self-employment income that would be required to be paid as leave wages if the individual worked for an employer subject to the above caps.

Keep in mind that this credit is refundable. The amount of the full credit will need to be added to gross income and will be only available for the period starting on the day designated by the Secretary of Treasury, which will occur within 15 days of enactment and ending on 12/31/20.

- Many financial institutions and private entrepreneurs are stepping up offering low to no interest loans to business affected by this pandemic. Do not hesitate to reach out to all your trusted advisors for assistance in weathering temporary liquidity issues.

As soon as we send this alert, we realize that additional legislation will be forthcoming along with voluminous regulations defining how these provisions are to be applied. We will continue to update our website as new legislation is enacted.

Please feel free to call us with your concerns and together we can come through these uncertain times, not only caring for employees, but continuing to provide our services and products that are so vital to our country's economy.

Sincerely,

McGill, Power, Bell & Associates, LLP