

March 24th, 2020

To All our Valued Members:

Congress has passed and President Trump has signed into law, the "11 Families First Coronavirus Response Act" which requires all businesses, no matter what size, to post a notice for employees to read.

EFFECTIVE FOR WAGES PAID AFTER APRIL 2, 2020 and through December 31, 2020, ALL FULL TIME EMPLOYEES QUALIFY FOR 80 HOURS OF FEDERAL PAID SICK LEAVE AT YOUR FULL PAY RATE OF UP TO \$511 DAILY IF YOU ARE ILL, QUARANTINED, BEEN ADVISED BY A MEDICAL PROFESSIONAL TO SELF-QUARANTINE OR HAVE SYMPTONS FOR WHICH YOU ARE SEEKING MEDICAL DIAGNOSIS, ALL FROM COVID-19. YOU ALSO QUALIFY FOR FMLA SICK LEAVE AT UP TO 2/3 OF YOUR NORMAL PAY UP TO \$200 DAILY FOR 12 WEEKS (OF WHICH 10 ARE PAID) FOR CARING FOR ANY INDIVIDUAL UNDER QUARANTINE, ISOLATION, ETC. OR BECAUSE YOUR CHILD UNDER 18 'S SCHOOL OR DAYCARE HAS BEEN CLOSED.

The Act grants new tax credits to small employers to cover the cost, however, there is considerable confusion when and how employers will receive this credit. One way suggested is that employers will take a credit against their required 6.2% matching Social Security tax on employee wages. Excess payments will be reimbursed by government.

- Schedule C self-employed will qualify for the credit, being treated as an employee for this purpose.
- We do not know when these credits will be applied but we are assuming provision will be made upon preparation of quarterly payroll reports beginning with the second quarter, due in July, 2020.
- We do not know if any provision has been made for businesses that are closed, have gone out of business or simply don't have the resources to make these payments due to a drop off of their business receipts.
- We do not know what responsibility an employer will have toward former employees that no longer works for an employer or independent contractors after the April 2, 2010. It appears this

Act is directed toward active employees since the credit appears to be reimbursed through a reduction of employer matching 6.2% Social Security payments. We do not know if this credit will be applied with your weekly or monthly 941 deposit or when quarterly reports are prepared. We are certain further details and processes will be released as soon as possible but it seems clear we need to prepare to maintain at least the following records:

1. Whatever payments you make will need full documentation and evidence of calculations.
2. You will likely need some written evidence from a medical professional that quarantine is advised or required for your employee or an in home family resident. You also might obtain some documentation that your employee or in home family resident is seeking a medical diagnosis.
3. You will likely need some written evidence that child care is not available.