

# CARES Act

## Programs

### Paycheck Protection Program (PPP) Loan Section 1102

### Employee Retention Credit Section 2301

### Delayed Payment of Employer Portion of SS Tax Section 2302

#### SUMMARY

Loan available up to 2.5x monthly payroll costs. Can be forgiven if used for payroll, utilities, mortgage interest, or rent AND number of full-time employees was the same.

A credit against employment taxes for each calendar quarter will be given in an amount equal to 50% of qualified wages, with a maximum credit of \$5,000/employee. Applies to wages paid between 3/12/2020-12/31/2020.

Employers are allowed to delay their remittance of their share of social security tax that would have been deposited between 3/27/2020-12/31/2020. 50% is paid by 12/31/2021 with the remainder paid by 12/31/2022.

#### ELIGIBILITY REQUIREMENTS

~ Operations in place prior to February 15, 2020  
~ Have 1-499 paid employees (part-time or full-time)  
SPECIFICALLY STATES NON-PROFITS ARE ELIGIBLE.

~ Operations in place prior to February 15, 2020  
~ Fully or partially suspended operations due to governmental authority limiting commerce, travel or group meetings due to COVID-19  
  
OR gross receipts in 2020 calendar quarter are less than 50% of gross receipts in 2019 calendar quarter  
~ DOES NOT APPLY to employers who received PPP loan.  
SPECIFICALLY STATES NON-PROFITS ARE ELIGIBLE.

~ All employers that pay social security.  
~ DOES NOT APPLY to employers who had PPP loan forgiven.  
STATES ALL EMPLOYERS PAYING SOCIAL SECURITY TAX ARE ELIGIBLE WHICH WOULD INCLUDE NON-PROFITS

#### HOW DO I APPLY?

Loans will come from your local banker. You will need to provide application as well as other documents related to payroll and your company's organizational status.  
You can find the application on the SBA website **(A)**

Employers will report total qualified wages and related credits for each calendar quarter on Form 941. This program reimburses employers after wages are paid for a quarter. If you do not have sufficient funds to pay wages, you can complete Form 7200 to receive an advance **(B)**

Employers will opt in to this when paying payroll taxes.

#### WHEN IS THIS AVAILABLE?

Applications will be accepted 4/3/20 through 6/30/20. Get yours in quickly as the available funds are expected to be depleted.

Employers may claim the credit for qualified wages that they pay after 3/12/20 and before 1/1/21. Therefore, an employer may be able to claim the credit for qualified wages paid as early as 3/13/20.

Available for period 3/27/2020-12/31/2020

#### POTENTIAL ISSUES

~ Need to keep documentation of how funds were spent for the application of the loan forgiveness.  
~ There are limited funds available and the program starts April 3. Get your application to your banker quickly as the available funds are expected to be depleted.

~ There is uncertainty around the eligibility requirements as they relate to houses of worship in that Gov. Asa Hutchinson specifically excluded houses of worship in his directive to keep gatherings to fewer than 10 people.  
~ Gross receipts may not have decreased by a significant amount (even with daycare closures) to qualify.

~ Employers will need to pay these funds back in 2021 and 2022 so there will need to be some financial planning for that.

#### A CHURCH HAS 2 EMPLOYEES MAKING \$50,000 AND \$25,000

Cost to church is \$0 as long as loan forgiveness is granted.

Employees continue to receive the same paycheck.

Cost to church is reduced by \$8,125/quarter through payroll tax credits.

	Q Wage	Allowed	50% Credit
EE1	12,500	10,000	5,000
EE2	6,250	6,250	3,125
			8,125

Employees continue to receive the same paycheck

Cost to church is reduced by \$387.50/month, however church will repay these funds in the next two years.  
(\$50,000+\$25,000)/12 x 6.2%

Employees continue to receive the same paycheck.

**(A)** The Payroll Protection Program application can be found here [home.treasury.gov/system/files/136/Paycheck-Protection-Program-Application-3-30-2020-v3.pdf](https://www.treasury.gov/system/files/136/Paycheck-Protection-Program-Application-3-30-2020-v3.pdf)  
Borrower information sheet can be found here [home.treasury.gov/system/files/136/PPP%20Borrower%20Information%20Fact%20Sheet.pdf](https://www.treasury.gov/system/files/136/PPP%20Borrower%20Information%20Fact%20Sheet.pdf)

**(B)** The Form 7200, Advance Payment of Employer Credits Due to COVID-19 can be found here <https://www.irs.gov/forms-pubs/about-form-7200>