



COVID-19 and Small Businesses

Be aware, new laws are creating obligations for employers and new opportunities for financing and cash flow assistance. Please contact Deb Nelson if you would like to discuss in more detail any of these new obligations or opportunities. I can be reached by email (dnelson@NelsonCPAsMN.com) or phone (651-455-4621 x102).

EMERGENCY FAMILY AND MEDICAL LEAVE EXPANSION ACT:

- \$200/day, \$10,000 maximum – beginning April 1st.
- Eligible employees are those taking care of a family member who has been ordered or advised to quarantine; or
- Taking care of a child following a school or daycare closing.

EMERGENCY PAID SICK LEAVE ACT:

- Lesser of wages plus healthcare costs or \$511/day (max 10 days).
- Eligible employees are under a quarantine or isolation order and unable to work, or
- Advised by a healthcare provider to self-quarantine due to coronavirus concerns, or
- Experiencing symptoms and seeking a medical diagnosis.

TAX CREDITS FOR PAID SICK AND PAID FAMILY AND MEDICAL LEAVE

- Payroll tax credits will be available for qualified sick leave wages and family leave paid by an employer. This will require documentation from schools, physicians, and/or daycare.

EMERGENCY UNEMPLOYMENT INSURANCE STABILIZATION AND ACCESS ACT OF 2020

- Employees permanently and temporarily laid off are eligible (incl 20% reduction of hours).
- Regular state unemployment benefits increased by \$600/week regardless of the amount of state benefits for an additional 13 weeks.
- Eligibility expanded to self-employed and independent contractors.

PAYCHECK PROTECTION PROGRAM (PPP)

- Tax-free loan forgiveness is available for funds used to pay 8 weeks of payroll and other qualified expenses. Loan forgiveness decreases if employees are laid off during period. Likewise, re-hires will increase loan forgiveness.
- Loans will be available through SBA and Treasury approved banks, credit unions until June 30, 2020.

EMERGENCY ECONOMIC INJURY DISASTER LOAN (EIDL)

- Borrowers may apply for an EIDL loan in addition to a loan under the Paycheck Protection Program, provided the loans are not used for the same purpose.
- Borrowers may receive a \$10,000 emergency advance (grant) within three days after applying for an EIDL loan. If the application is denied, the applicant is not required to repay the \$10,000 advance.

EMPLOYEE RETENTION TAX CREDIT

- A credit against employment taxes if a business has 100 or fewer employees and is suspended due to governmental authority, or
- If the business had a 50% decline in revenue for any calendar quarter in 2020 compared to 2019. (continued on back page)

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- Credit is 50% of the qualified wages paid to each employee for the quarter.
- If a business has over 100 employees, the credit applies only to wages paid during a shut down.
- Employers who receive this credit are ineligible for PPP.

PAYROLL TAX DELAY

- Payroll taxes deferred from date of enactment through 2020. One-half will be repaid in 2021 and the other half repaid in 2022.
- These deferrals are not eligible with PPP loan forgiveness.
- The repayments are mandatory.