

COVID – 19 Emergency Legislation

National Association of Auctioneers

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We are past the panic, now let's think strategically

- How do we...
 - Cut expenses
 - Manage cash flow
 - Reduce payroll
- In a way that...
 - Preserves market share
 - Preserves reputation
 - Preserves institutional / trade knowledge

Tools in our kit

- Expanded state unemployment benefits
- Federal enhancements to state benefits
- Federally funded paid leave
- Paycheck Protection Program
- PPP forgiveness
- Retained employee tax credits

Families First Coronavirus Response Act – Paid FMLA Leave

- Employers with 1-500 employees
- Must have been employed in the 30 days prior to the leave
- Cannot work because of childcare
- Up to 12 weeks leave
- First two weeks unpaid
- Then up to \$200 per day
- Capped at \$10,000.00
- Must make “reasonable efforts” to restore to prior position

Paid Sick Leave – Families First Coronavirus Response Act

- Available to all employees regardless of time worked
- 80 hours for full-time employees
- Employees affected by COVID-19 get regular rate of pay up to \$511 per day and \$5,110 in aggregate (reasons 1-3)
- Employees caring for others get 2/3 regular rate up to \$200 per day and \$2,000 in aggregate (reasons 4-6)
- Employee can choose to use this or existing PTO

Families First Tax Credits

- Employer may deduct 100% of amounts spent of qualified leave from payroll taxes
 - Social Security
 - Employer share of tax
 - Employer withholding
- BUT! Must be for a covered reason and you must document

State Unemployment Benefits

- Most states allow for partial unemployment
- FFCRA paid leave would still apply if they become qualified
- Can still pay for their health insurance and other benefits
- Must have some intent to bring them back
- Potential for furloughed workers to make more than working workers

Federal Enhancements to Unemployment

- Expanded to self-employed and independent contractors
- Adds \$600 per week to the state benefit
- No salary caps
- Potential windfall for some
- Lose the benefit when called back to work
- Very slow to roll out

Layoff – Terminating Employees

- Eligible for unemployment w/ federal enhancements (\$600-\$986 per week)
- No expectation to return to work
- No entitlement to paid leave under FFCRA

Paycheck Protection Program

- CARES Act
- Under 500 employees
- SBA Loan will forgive amounts spent on payroll, rent, or utilities
- 8 weeks
- Available to self-employed and 1099's (starting tomorrow)
- No forgiveness for salaries over \$100,000
- Administered through private lenders

Paycheck Protection Program Pitfalls

- 2.5 times “average monthly payroll”
- Can only spend 25% on rent, utilities, and mortgage interest
- Must certify that you are eligible under the SBA regulations
- Must certify that you will use the money on payroll, etc.
- Banks held harmless, means the fraud charge is on you
- Forgiveness penalty if you fail to hire people back

Post PPP Tips

- Keep money in separate account
- DO NOT spend 25% on rent, etc.
- Don't spend more than \$16k on any one employee
- Calculate Average FTE for the following periods:
 - 2/15 – 6/30/19 (comparator period)
 - 1/1 – 2/29/20 (comparator period)
 - 8 weeks during the loan period
 - 2/15 – 4/27/20 (fix period)
 - 6/30/20

PPP Forgiveness

- Choose most favorable comparator period
- If your FTEs during the loan period are higher, your good!
- If your FTEs are lower, then we need to apply the fix
 - Did you lose people as a result of the crisis?
 - Did you hire them back?
 - Use your FTE from 2/15/20

Employee Retention Tax Credits

- Companies required to shut down, or lost 50% of their revenue
- Companies over 100 employees can take a 50% credit off their payroll taxes for any furloughed employee they are still paying
- Companies under 100 can take a 50% credit off their payroll taxes for all employees regardless of whether or not furloughed

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