Webinar Overview

• Introduction & Background
• Unemployment Assistance
• Paid Leave
• Employee Retention Credit
• Questions and Answers
Who We Are

• One of 34 Sea Grant Programs
• Based at the University of Mississippi School of Law
• Established to provide non-advocacy legal research, outreach, and education services to Sea Grant network.
• COVID-19 outreach conducted in partnership with Mississippi-Alabama Sea Grant Legal Program

http://nsglc.olemiss.edu/covid19
Updates on SBA Programs

- Small Business Administration announced on April 16 that they were no longer accepting applications for EIDL and PPP.
  - Senate passed bill on April 21 to provide additional funds for these programs. Still needs to pass House. Details forthcoming, but news reports indicate $60 billion set aside for “underbanked businesses.” Additional funds unlikely to last long.

- Can only apply for one PPP loan. If already applied, contact bank re: status of application.
  - New NSGLC “Quick Take” Slides on loan calculations released today.

- Recipients of EIDL and PPP loans should pay close attention to SBA guidance regarding forgiveness. Interim regulation added some confusion.
CARES ACT UNEMPLOYMENT BENEFITS EXPANSION

• Pandemic Emergency Unemployment Compensation (PEUC)
  • PEUC provides up to 13 additional weeks of federally funded unemployment benefits for individuals who have exhausted regular unemployment benefits.

• Pandemic Unemployment Assistance (PUA)
  • PUA provides up to 39 weeks of federally funded unemployment benefits (from Jan. 27, 2020-Dec. 31, 2020) to individuals not typically eligible for unemployment benefits, including independent contractors and sole-proprietors who have become unemployed as a direct result of COVID-19.

• Federal Pandemic Unemployment Compensation (FPUC)
  • Provides an additional $600 per week for individuals receiving regular unemployment benefits, PUA, or PEUC beginning March 29 through July 31st.
What does it mean to be unemployed as a direct result of COVID-19?

- Are diagnosed COVID-19 or have COVID-19 symptoms and are seeking diagnosis;
- Have a member of the household who is diagnosed with COVID-19;
- Are providing care for a family or household member diagnosed with COVID-19;
- Are the primary caregiver for a child whose school or care facility closed, due to COVID-19;
- Are unable to reach their place of employment due to an imposed quarantine, or because advised by medical provider to self-quarantine, due to COVID-19;
- Were scheduled to start new employment and cannot reach the workplace as direct result of COVID-19;
- Became the major breadwinner because the head of household died from COVID-19;
- Quit their job as a direct result of COVID-19;
- Had their place of employment closed as a direct result of COVID-19; or
- Meet any additional criteria specified by U.S. Secretary of Labor.
APPLYING FOR BENEFITS

• Apply through your state’s unemployment office.

• *Each state’s process will be different.*

• Benefit amounts for PUA based on state unemployment law.
  • Under the CARES Act, the *minimum* weekly benefit amount is half the average UI benefit provided by the state.

• Benefits for PUA and FPUC will be paid retroactively
  • PUA from January 27th
  • FPUC from March 29th
STATE APPROACHES TO IMPLEMENTING PUA FOR INDEPENDENT CONTRACTORS

- Accepting PUA applications through regular UI system or new PUA system.

- Asking claimants to file through regular UI benefit system, get denied, apply through PUA system when available.

- Do not apply through UI benefit system, apply through PUA system when available.
SG STATE APPROACHES

Accepting PUA applications

- Alabama
- Michigan
- New York
- Pennsylvania
- Rhode Island
- Virginia
- Washington

Apply through regular UI benefit system, get denied, wait for further instruction

- Alaska
- Connecticut
- Georgia
- Illinois
- Indiana
- Louisiana
- Minnesota
- Mississippi
- New Hampshire
- New Jersey
- North Carolina
- South Carolina
- Texas

Apply for PUA when available

- California
- Delaware
- Florida
- Hawaii
- Maine
- Maryland
- Massachusetts
- Ohio
- Oregon
- Wisconsin

Current as of April 20, 2020
SG State Approaches

Current as of April 20, 2020

Green = Accepting Applications

Yellow = Apply/Wait for Further Instruction

Red = Wait until PUA System available
**PUA HYPOTHETICAL**

- April 1: Lose job due to Covid-19
- April 21: PUA available in state system, apply
- April 25:
  - Approved to receive $300 per week under PUA from April 1-December 31
  - Automatically receive additional $600 per week under FPUC from April 1-July 31
- First check for April 1-21: $2,700
  - $300 x 3 weeks = $900
  - $600 x 3 weeks = $1,800
- Checks for remaining weeks through July 31: $900 ($300 + $600)
- Checks for weeks from August 1-December 31: $300
Recommendations

• Get documentation. Possible documentation required:
  • Driver license or State issued Identification
  • Proof of Social Security number
  • Proof of income for 2019-2020:
    • 1099s, last year’s income tax statement or quarterly earnings statement, bank statement, work order and invoices, other documents that substantiate self-employment.
  • State Business License number
  • Current bank account number and routing number
• Check your state’s unemployment site often
• Be persistent, but patient

For more information, visit: https://www.dol.gov/coronavirus/unemployment-insurance
PAID LEAVE RELATED TO COVID-19
FAMILIES FIRST CORONAVIRUS RESPONSE ACT QUICK TAKES

PAID SICK LEAVE / PAID FAMILY AND MEDICAL LEAVE

Applies to Employers with fewer than 500 employees.
(Self-employed may seek tax credit for missed work - https://bit.ly/2UMmmZk)

All Employees eligible to receive:
• Two weeks (up to 80 hours) of **paid sick leave** at the employee’s regular rate of pay if unable to work because quarantined or experiencing COVID-19 symptoms.
• Two weeks (up to 80 hours) of **paid sick leave** at two-thirds the employee’s regular rate of pay if unable to work in order to care for someone subject to quarantine or care for a child (under 18 years of age) whose school/child care provider is closed or unavailable due to COVID-19.

Employees employed for more than 30 days at same employer:
• Up to an additional 10 weeks of **paid expanded family and medical leave** at two-thirds the employee’s regular rate of pay if unable to work to care for a child whose school/child care provider is closed or unavailable due to COVID-19.

More information: https://bit.ly/2Xh0x64
FFCRA Paid Leave Hypothetical

**Allison**
- Has worked for Employer for 12 years
- 9 year old son while school is closed due to COVID = ?

**Bryan**
- Has worked for Employer for 12 years
- 19 year old daughter living at home while University is close due to COVID
- Comes down with COVID symptoms = ?

**Deborah**
- Hired by Employer two weeks ago
- Caring for 3 year old daughter while child care is closed due to COVID = ?

**What kind of leave is each employee eligible for?**
- Allison = Twelve weeks (2 weeks + 10 weeks) at two-thirds of regular rate
- Bryan = Two weeks at regular rate
- Deborah = Two weeks at two-third of regular rate
Self-employed may seek tax credit for missed work

- Qualified sick leave credit (100% of individual’s wages (up to $511 per day))
- Qualified family leave credit (67% of individual’s wages (up to $200 per day))
- Do not need to be symptomatic for sick leave credit! Eligible if unable to work due to quarantine/isolation order.

**FFCRA Paid Leave - Independent Contractor Hypo**

Employer has regularly contracted work with an Independent Contractor, Connie, for the last 8 years. Connie is unable to work due to a local stay-at-home order and caring for her 6 year old son while school is closed. Is Connie entitled to any leave under FFCRA?

No. But she is eligible for “qualified sick leave” tax credits!

Connie was just diagnosed with COVID. Now is she entitled to leave under FFCRA?

No. Connie is entitled to the same “qualified sick leave” tax credit as before.
To qualify, Employer must either:
1) fully or partially suspend operations during any calendar quarter in 2020 due to a government order limiting commerce, travel, or group meetings due to COVID-19; or
2) experience a significant decline in gross receipts during the calendar quarter.

The credit equals 50% of qualified wages (including qualified health plan expenses)
- If Employer averaged more than 100 full-time employees in 2019, qualified wages are the wages paid to an employee for time that (s)he is not working due to either (1) or (2) above.
- If Employer averaged 100 or fewer full-time employees in 2019, qualified wages are the wages paid during any period of economic hardship described in (1) and (2) above.

Maximum amount of qualified wages taken into account for all calendar quarters (3/1/20–1/1/21) is $10,000 per employee. Maximum credit is $5,000 per employee.

Employers must choose between the ERC and PPP, but may claim ERC with an EIDL.

For more information visit: https://bit.ly/34wjOSq
Employer 1 has experienced a significant decline in business due to COVID and successfully applied for an EIDL loan. Can Employer 1 receive the ERC? Yes.

Employer 2 had to fully suspend operations due to a state government stay-at-home order and is taking advantage of PPP. Can Employer 2 receive the ERC? No.

Employer 1 pays Allison $10,000 in qualified wages in Q2 2020. What is the ERC available to the Employer 1 for the qualified wages paid to Allison? $5,000.
CARES Act ERC Hypo, Con’t

Employer 1 pays Bryan $8,000 in qualified wages in Q2 2020 and $8,000 in qualified wages in Q3 2020. What is the ERC available to Employer 1 for the qualified wages paid to Bryan?

Remember that the overall limit of $10,000 on qualified wages per employee is for all calendar quarters. So Employer 1’s ERC for Bryan equals $4,000 in Q2 and $1,000 in Q3.
May an Eligible Employer receive both the tax credits for the qualified leave wages under FFCRA and the ERC under the CARES Act?

Yes, but not for the same wages. The amount of qualified wages for which an Eligible Employer may claim the Employee Retention Credit does not include the amount of qualified sick and family leave wages for which the employer received tax credits under the FFCRA.
Questions?

Please type your question into the Chat window.

Contact Us

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