

## **Missed out on the PPP Loan? Other options are still available!**

**By: Kristie R. Adams, CPA | Senior Tax Manager, Buckingham Advisors**

With the Paycheck Protection Program funding gone, many small businesses are wondering if there are other alternatives to help support those that have been impacted by COVID-19. If your business was affected and not able to receive funding, not all hope is lost. Other options are available that can provide financial relief to businesses that have retained their employees.

### **Employee Retention Credit**

This credit is available to employers who have been negatively affected by COVID-19. This fully refundable credit is equal to 50% of qualified wages and health plan expenses (up to \$10,000) paid between March 13, 2020 and December 31, 2020.

The maximum amount of the credit for all calendar quarters is \$5,000 per employee. Employers must have had a “significant decline” in their gross receipts during a calendar quarter equal to less than 50% of gross receipts in the same calendar quarter in 2019. Eligibility ends when gross receipts in a quarter exceed 80% compared to the same 2019 quarter. Self-employed wages do not qualify for this credit.

### **Families First Coronavirus Response Act (FFCRA) Paid Leave Credits**

If you are one of the required employers that has had to provide paid sick or family leave to your employees due to COVID-19, you could be eligible for this credit.

**Paid Sick Leave-** 10 Days of paid time at the employee’s regular wage (max \$511/day) if they are affected by COVID-19 or two-thirds their regular wage (max \$200/day) if they need to care for someone else affected by COVID-19.

**Paid Family Leave-** 10 Weeks of paid time at two-thirds the employee’s regular wage (max \$200/day) if a child’s school or daycare is closed due to COVID-19.

This refundable credit reimburses employers, dollar for dollar, the cost for providing paid leave (up to the maximum amounts). These tax credits are also increased by the cost of maintaining the employee’s health coverage while on leave and the employers cost of Medicare tax on the leave wages.



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The FFCRA is available for any paid leave wages paid between April 1, 2020 and December 31, 2020. Self-employed individuals will qualify for these credits.

### **Delayed Deposits**

Under the CARES Act, employers can defer the deposit and payment of the employer's portion of Social Security taxes. Only the employer matching portion of the Social Security taxes are eligible. The payroll tax deferral period is for wages paid March 27, 2020 to December 31, 2020.

To be treated as timely paid, these taxes must be deposited as follows:

1. 50% being paid by December 31, 2021; **and**
2. The remaining amount paid by December 31, 2022

The payroll tax deferral may be calculated prior to calculating any other payroll tax credits due to the employer. This would allow the employer to maximize the cash flow available to them currently. Self-employed individuals may also defer payment of 50% of the Social Security taxes on net earnings.

These different options available to employers are not a one size fits all. In some cases, the application of one option could prevent you from using another, while others could interact together. The tax incentives discussed in this article are all newly enacted and limited guidance exists. The guidance issued to date is subject to change.

Some of these opportunities can be used in combination with one another, while others could be exclusive. You will want to consult with your advisor to decide what is best for your business. We know the outbreak has caused a great deal of confusion among business owners trying to understand these different programs that are available. If you would like to contact one of our team members, we would be happy to discuss these in more detail with you. Please feel free to contact us at 937.435.2742 or [service@mybuckingham.com](mailto:service@mybuckingham.com).

In addition, we are here to help answer questions or concerns you have that may be related to Small Business, Investments, Financial Planning and Taxes. Our website offers a wide array of information accessible anytime at [www.mybuckingham.com](http://www.mybuckingham.com). For a complete list of available informational webinars, such as Small Business and Individual Stimulus Q & A Sessions and Strategies for Your Investments in Turbulent Times, please visit our Events page. We also offer information on COVID-19 Resources, found on our homepage.