

Comparisons of Payroll Relief Provision under CARES Act*

Relief Provisions	Who is covered?	What amount is available?	What period is covered?	What is included in “payroll costs”?	Other Information
<p>Paycheck Protection Loans/Paycheck Protection Program (PPP) – Allows for loans offered by the SBA to help businesses negatively affected by COVID-19 to cover qualifying costs</p>	<p>Businesses with less than 500 employees can apply for a SBA (Small Business Administration) loan under this provision.</p> <p>Independent contractors, self-employed individuals and sole proprietors can be eligible for the loans. The business must have been in operation on February 15, 2020.</p>	<p>LESSER OF:</p> <ul style="list-style-type: none"> • Sum of 1) Average monthly “payroll costs” for the 1 year period ending on the date the loan was made multiplied by 2.5 and 2) any disaster loan taken out after January 31, 2020 that has been refinanced into a Paycheck Protection Loan, and • \$10,000,000 	<p>February 15, 2020 through June 30, 2020</p>	<ul style="list-style-type: none"> • Salaries and wages • Cash tips • Vacation, family or medical leave • Allowance for dismissal or separation • Group health care insurance benefits • Retirement benefits <p><u>NOT included:</u></p> <ul style="list-style-type: none"> • Compensation over \$100,000 • Payments to nonresidents • Sick or family leave paid under FFCRA • Payroll taxes, railroad retirement taxes and income taxes 	<p>What can proceeds be used for?</p> <ul style="list-style-type: none"> • Maintaining payroll • Retain employees • Mortgage payments • Rent • Utilities <p>See below re. EIDL loans. There cannot be duplication in the use of funds for an EIDL and a PPP loan.</p>
<p>Paycheck Protection Loan Forgiveness – Provides for the loan forgiveness of a Paycheck Protection loan</p>	<p>Businesses who received Paycheck Protection Loans</p>	<p>The amount eligible for forgiveness is the sum of the following:</p> <ul style="list-style-type: none"> • Payroll costs • Payments of interest on mortgage obligations • Rents • Utility payments 	<p>Costs eligible for forgiveness are costs incurred and payments made for the 8-week period beginning on the origination of the covered loan</p>	<p>Payroll costs have the same meaning under the Paycheck Protection Loan.</p>	<p>Generally, the loan forgiveness amount is reduced if the employer reduces the number of full-time employees compared to a defined previous period or the employer reduces the salary/wages paid to an employee paid < \$100k by more than 25%.</p>

Relief Provisions	Who is covered?	What amount is available?	What period is covered?	Limits on use of funds?	Other Information
EIDL Grants – The CARES Act expanded eligibility and favorable terms for EIDL loans and created an advance payment for an EIDL loan which will not be required to be repaid.	Businesses with less than 500 employees Independent contractors, self-employed individuals and sole proprietors can be eligible	Up to \$10,000 is available as an advance that will not be required to be repaid	January 31, 2020 through December 31, 2020	<ul style="list-style-type: none"> • Providing paid sick leave to employees unable to work directly related to COVID-19 • Maintaining payroll to retain employees • Meeting increased costs to obtain materials due to interrupted supply chains • Rent or mortgage payments • Repaying obligations that cannot be met due to revenue losses 	If the applicant also receives a Paycheck Protection Loan and Forgiveness, then any amount received as an EIDL grant will reduce the amount available as loan forgiveness under the PPP. There are potentially other limitations on loan forgiveness if you receive both an EIDL loan and a Paycheck Protection Program Loan.
Employer Retention Credits – provides for a credit allowed against payroll taxes for retaining employees	An eligible employer is an employer carrying on business in 2020 (1) whose business is fully or partially suspended due to governmental orders OR (2) who has a 50% decrease in gross receipts for the same calendar quarter in the prior year.	<p>The refundable payroll tax credit is equal to 50% of qualified wages paid to an employee up to \$10,000.</p> <p>The credit is taken against the employer portion of Social Security taxes.</p> <p>Qualified wages also include amounts for group health insurance benefits.</p>	Applies to wages paid after March 12, 2020 through December 31, 2020.	<p><i>What are qualified wages for the credit?</i></p> <ul style="list-style-type: none"> • For employers who had on average < 100 Full Time employees in 2019, all employee wages are eligible. • For employers who had on average > 100 Full Time employees in 2019, only the wages of employees who are furloughed or have a reduction in hours are eligible. 	<p>Employers who qualify based on a 50% decrease in gross receipts will be eligible until their gross receipts exceed 80% of gross receipts for the same calendar quarter in the prior year.</p> <p>Employers cannot receive a Paycheck Protection Loan and claim the Retention Credit.</p> <p>Any wages used for the FFCRA sick pay or family leave cannot be used for the retention credit.</p>

*As the legislation was only recently enacted, additional regulations and information that is forthcoming from the IRS and the SBA may change some of the information provided. Also, this information is general in scope and may apply differently to specific situations.