

EMERGENCY NEWSLETTER UPDATES

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Every other newsletter has taught you how to wash your hands, the importance of social distancing, and steps to take to protect you from the coronavirus. In contrast, this newsletter provides a general outline of some of the various relief measures available to help you, your business and employees weather the next couple weeks of federal, state, and local shutdowns.

Federal Relief:

The federal government has a couple of existing relief mechanisms, some that are already existing and some that have been implemented in the last couple of days in reaction to the coronavirus.

- SBA Disaster Relief: SBA Disaster Relief Loans are meant to provide cheap loans to help businesses cope with physical or economic damage in the wake of a disaster:
 - Can cover up to \$2 million in a low interest loan for economic losses if in a disaster area.
 - At the moment PA (Disaster # PA-00104), DE (Disaster # DE-00024), and

NJ (Disaster # NJ-000510 have been declared a disaster areas.

- Apply at: <https://www.sba.gov/funding-programs/disaster-assistance>

- **Families First Coronavirus Response Act:** On March 18, 2020, President Trump signed into law the Families First Coronavirus Response Act. There are several provisions in this law that will directly impact employers and their employees. One of the objectives of the Act is to provide financial relief to the American worker through sick leave pay and leave time as well as assistance to the employer to defer the costs of paying for these benefits.

Important to note that the Act applies to all employers with less than 500 employees. Under existing federal employment law, there are many provisions that do not apply to employers with less than 50 employees.

An employee is eligible for paid sick leave if one of the following applies:

1. There is a federal, state or local quarantine due to COVID-19 (PA, NJ and Phila);
2. An employee has symptoms of COVID-19 and/or has been advised by medical professional to isolate or self-quarantine;
3. Taking care of a family member that has COVID-19; or
4. Child's school and/or daycare is closed.

Paid Sick Leave is paid for:

1. 80 hours for full time employees;
2. Pay calculated as regular pay rate not to exceed \$511 per day and no greater than \$5,110 in 2 week period;
3. For part time employees - average hours worked in 2 week period.

Emergency Expansion of the Family Medical Leave Act (FMLA)

1. Applies to all employers with 500 employees or under;
2. Employee must work 30 days to be eligible;
3. 12 weeks of leave time is available if the employee is unable to work because of closure or child's school or day care due to COVID-19;
4. First 2 weeks are unpaid (paid sick leave can cover);
5. After 2 weeks, pay is 2/3 of normal wages not to exceed \$200 per day for a total no greater than \$10,000;
6. After leave, employee can be reinstated.

Employer Relief: Employers will receive reimbursement for 100% of sick leave and FMLA paid by deducting the amount paid from employer's portion of Social Security taxes. The balance from tax credits.

- **Federal Income Taxes:** The IRS has published Notice 2020-17 to help alleviate the trouble of taxpayers to file their Federal Income Tax Returns while juggling all of the other issues. A general summary is below:
 1. Non-corporate tax filers can defer up to \$1 million of federal income tax (including self-employment tax) due on April 15, 2020, until July 15, 2020.
 2. For corporations it is up to \$10 million for the same deferral.
 3. Deferrals in excess of these amounts still need to be paid.
 4. Note it only changes payment, NOT the filing date. You still need to file by April 15, 2020. Also, note, if you file a regular extension, this could defer that April 15, 2020 filing date, but the extension must be timely and there are rumors that the filing date may get pushed back. Protect yourself by filing an extension if you cannot finish your return by April 15, 2020.
 5. This does not push back the July 15, 2020 filings and payments.
 6. Unless otherwise changed by the state, this does not affect state and local tax filings.

PA Relief:

- Inheritance Tax Filings will have a date of March 12, 2020 for any return due during the closing and no penalties will be applied for late payments which would have been timely during the office closures.
- Additional time for tax appeals, but nothing yet in terms of following suit with the federal tax postponements.
- Possibility of postponing the April 28, 2020 primary elections and other discussions in the works.

NJ Relief:

- Hospitals are required to waive patient fees for coronavirus testing and related diagnostic services for those who lack health insurance.
- Passed an executive order declaring a moratorium on removing individuals from their homes pursuant to eviction or foreclosure proceedings.
- Requested financial institutions holding residential and commercial mortgages and loans to implement a process to work with mortgagors and borrowers to avoid foreclosure or default arising from financial hardship caused by the coronavirus.
- NJ has a flurry of bills that are supposed to be passed ranging from earned sick

leave, family temporary disability leave, if a physical or public health authority determines someone should be quarantined.

- The NJ Senate is advancing a bill to allow the NJ Economic Development Authority to issue grants to help businesses remain afloat and make payroll while operation is interrupted.
- NJ is planning to extend the due date for April 15, 2020 returns to June 30, 2020 to follow suit with the IRS.

Conclusion:

While you are all concerned for the future of your businesses and employees in the wake of the coronavirus and the quarantine measures, the federal, state and local governments are taking steps to help alleviate some of the pressure to keep the economy going. Hopefully, in the coming days and weeks there will be even more measures, but if you or your business is struggling, it is recommended to seek out some of the provided relief to get you and your business through this tough time. We are available to assist you and can be reached by telephone, email and cell phone. Please let us know how we can assist you in these uncertain times.

This newsletter is courtesy of Pozzuolo Rodden, P.C.

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