



Dear Valued Client,

The Coronavirus Aid, Relief, and Economic Stability (CARES) Act, which was signed into law on March 27, includes several tax provisions aimed at providing businesses with much needed relief during the COVID-19 pandemic. Below are the key payroll-related aspects of the law.

### **Employee Retention Credit**

Employers may be eligible to receive a 50% payroll tax refundable credit if they have a 50% decline in gross receipts compared to the same quarter last year or their operations are fully or partially suspended due to a COVID-19 shut down order. The credit would apply to wages paid from March 12, 2020, to December 31, 2020, and would offset the employer's payroll tax liability.

Employers with more than 100 employees would be eligible for the credit on wages paid to employees who aren't working. Employees with 100 or less employees would be eligible for the credit on all employee wages, whether the employees are working or not.

### **Payroll Tax**

The deadline to deposit the employer portion of social security tax incurred through 12/31/2020 has been delayed. The deposit is due in two installments: half on December 31, 2021, and the other half on December 31, 2022.

### **SBA Loans Under the Paycheck Protection Program**

Employers with 500 or less employees, including non-profits, may be eligible to apply and receive loans to cover their payroll and other qualifying costs for an 8-week period. The loans are granted through a bank or other lending institution, and loans may be forgiven in whole or part if qualifying payroll retention levels are met.

Determining eligibility and applying for these loans is out of the scope of Viventium's services. We advise that you contact your legal counsel, CPA, and bank to determine if these loans may be available to your business. For payroll information and reports that can assist you in completing your loan application, please reach out to your Client Services Team at the beginning of next week. In addition, check out a general summary of the Paycheck Protection Program located on our [Viventium Coronavirus \(COVID-19\) Update Center](#).

## **Retirement Withdrawals**

There is no penalty on early retirement withdrawals up to \$100,000 taken from January 1, 2020. The income on the withdrawal (if any) would be recognized over 3 years. In addition, employees have 3 years to repay the funds to the retirement account.

The 401(k)-loan limit has been increased from \$50,000 to \$100,000. In addition, mandatory retirement distributions at age 72 have been suspended for 401(k), 403(b), and IRAs.

## **Student Loans Repayment**

Employers can repay employees' student loans up to \$5,250 per employee and exclude these amounts from the employee's income.

## **Expansion of the Families First Coronavirus Response Act (FFCRA)**

Under FFCRA, employees are eligible for paid leave if they worked for their employer for the last 30 calendar days. Under the CARES Act, coverage is expanded to employees who were laid off after March 1, 2020, worked 30 out of the last 60 days, and were rehired.

The CARES Act also says that eligible employees can receive an advance credit for employer payroll taxes, so employers will not have to wait to receive their tax credit from the IRS. The IRS has released [\*\*Form 7200\*\*](#) which employers can fax to the IRS as many times as necessary during a quarter to request the advance credit.

Our compliance experts, Malka Trump, CPA, CPP, and Yonina F. Shineweather, CPA, will discuss what you need to know about the CARES Act in our webinar this [\*\*Thursday, April 2 from 10:00-10:30 AM EDT\*\*](#). Register now for a hands-on, candid analysis of relief under this law.

For additional resources and the latest updates on the novel coronavirus and COVID-19, please visit the [\*\*Viventium Coronavirus \(COVID-19\) Update Center\*\*](#).

In it with you,

The Viventium Team