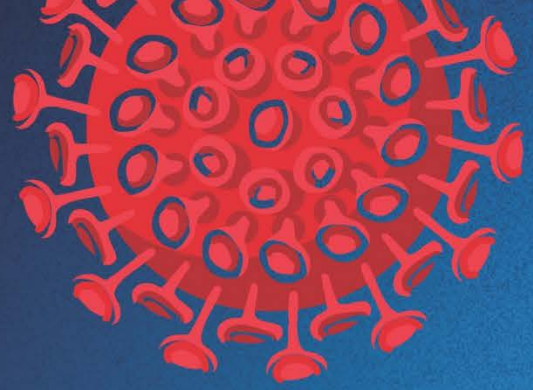
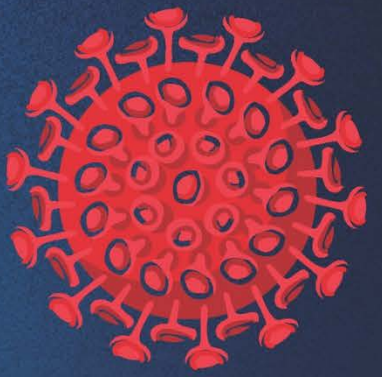


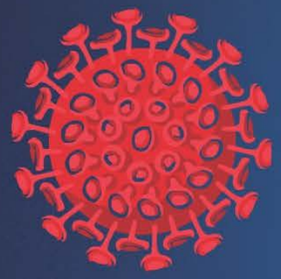


rkl LLP

WEEKLY WEBINAR SERIES

CORONAVIRUS

& its impact on people, process & profits



SESSION FOUR

April 10, 2020 | 11:00 A.M. EST

Housekeeping Items

- The webinar will be recorded and shared as soon as it is available via email
- All materials were emailed to you this morning – also available on RKL's Coronavirus Resource Center at rklcpa.com
- All lines are muted
- NASBA CPE requirements – in order to receive CPE for this webinar:
  - Participants must be connected to the session (both audio and presentation) for its entirety
  - Participants must answer three questions/elements of engagement
  - One (1) hour of CPE in the field of business law will be granted if you meet these requirements

DISCLAIMER: The presenters, Eric Wenger, Stephane Smith, Nicholas Boyer and Robin Alexander, and RKL LLP and its subsidiaries/affiliates are not held responsible for information that has changed or will change and makes no representation or warranty as to the ongoing accuracy of the information presented orally or in writing. Attendees should consult with legal, accounting and other advisors.

FOCUSED. ON YOU.

Meet Your Team

STEPHANE SMITH, SPHR, SHRM-SCP | *Consultant, Human Capital Management*

Stephane is a Consultant in RKL's Human Capital Management Practice. She advises clients on a wide range of human resources policies and programs, including strategic planning and talent and performance management.
slsmith@RKLcpa.com | RKLcpa.com

NICHOLAS BOYER | *Partner/Chief Investment Officer*

Nick is an RKL Partner and Chief Investment Officer/Executive Vice President for RKL Wealth Management. He directs the firm's wealth management and financial planning services and plays a key role in business development initiatives. Nick oversees RKL Wealth Management's investment philosophy and portfolio strategy as leader of the firm's investment team and Chair of its Investment Committee.
nboyer@rklwealth.com | RKLwealth.com

ROBIN ALEXANDER, CPA | *Manager, Tax Services Group*

Robin is a Manager in RKL's Tax Services Group. She specializes in C Corporation, pass-through and individual taxation. Robin's nine years of experience in public and private accounting includes leading roles on implementation teams and process development responsibilities related to complex regulations like Section 163(j) and the Qualified Business Income deduction.
ralexander@RKLcpa.com | RKLcpa.com

rkl LLP
FOCUSED. ON YOU.

Outline for Today's Presentation

- Unemployment Compensation (UC)
- UC Information for the Employer
- Recalling Employees
- Economic Update
- COVID-19 Tax Credits: Implementation

Miscellaneous Important Updates

- **Notice 2020-23:** Any individual or corporation that has a quarterly estimated tax payment due on or before July 15, 2020, can wait until July 15 to make that payment without penalty.

- Helpful tracker showing PPP loan allocation stats based on public source data as referenced https://pppstats.info/. As of 4/9/20, it appears 40% of the $349 billion has been spoken for.

- Bank has 10 days to fund PPP loan after approval date.

SBA PPP FAQs updated April 8, 2020

Question: Are small business concerns (as defined in section 3 of the Small Business Act, 15 U.S.C. 632) required to have 500 or fewer employees to be eligible borrowers in the PPP?

Answer: No. Small business concerns can be eligible borrowers even if they have more than 500 employees, as long as they satisfy the existing statutory and regulatory definition of a "small business concern" under section 3 of the Small Business Act, 15 U.S.C. 632.
A business can qualify if it meets the SBA employee-based or revenue-based size standard corresponding to its primary industry. Go to www.sba.gov/size for the industry size standards.

Additionally, a business can qualify for the Paycheck Protection Program as a small business concern if it met both tests in SBA's "alternative size standard" as of March 27, 2020:

1. maximum tangible net worth of the business is not more than $15 million; and
2. the average net income after federal income taxes (excluding any carry-over losses) of the business for the two full fiscal years before the date of the application is not more than $5 million.

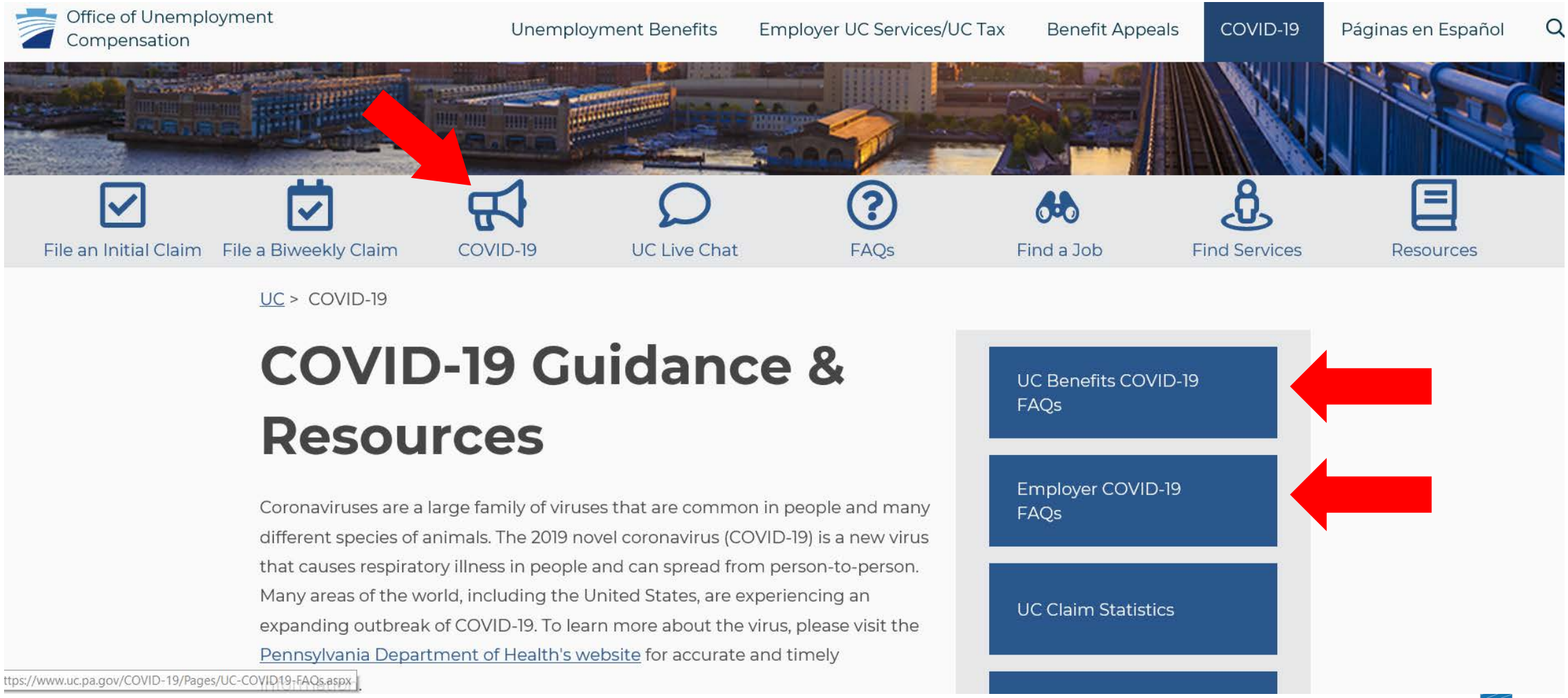
UNEMPLOYMENT COMPENSATION

Pennsylvania Office of Unemployment Compensation

https://www.uc.pa.gov/Pages/default.aspx

FOCUSED. ON YOU.

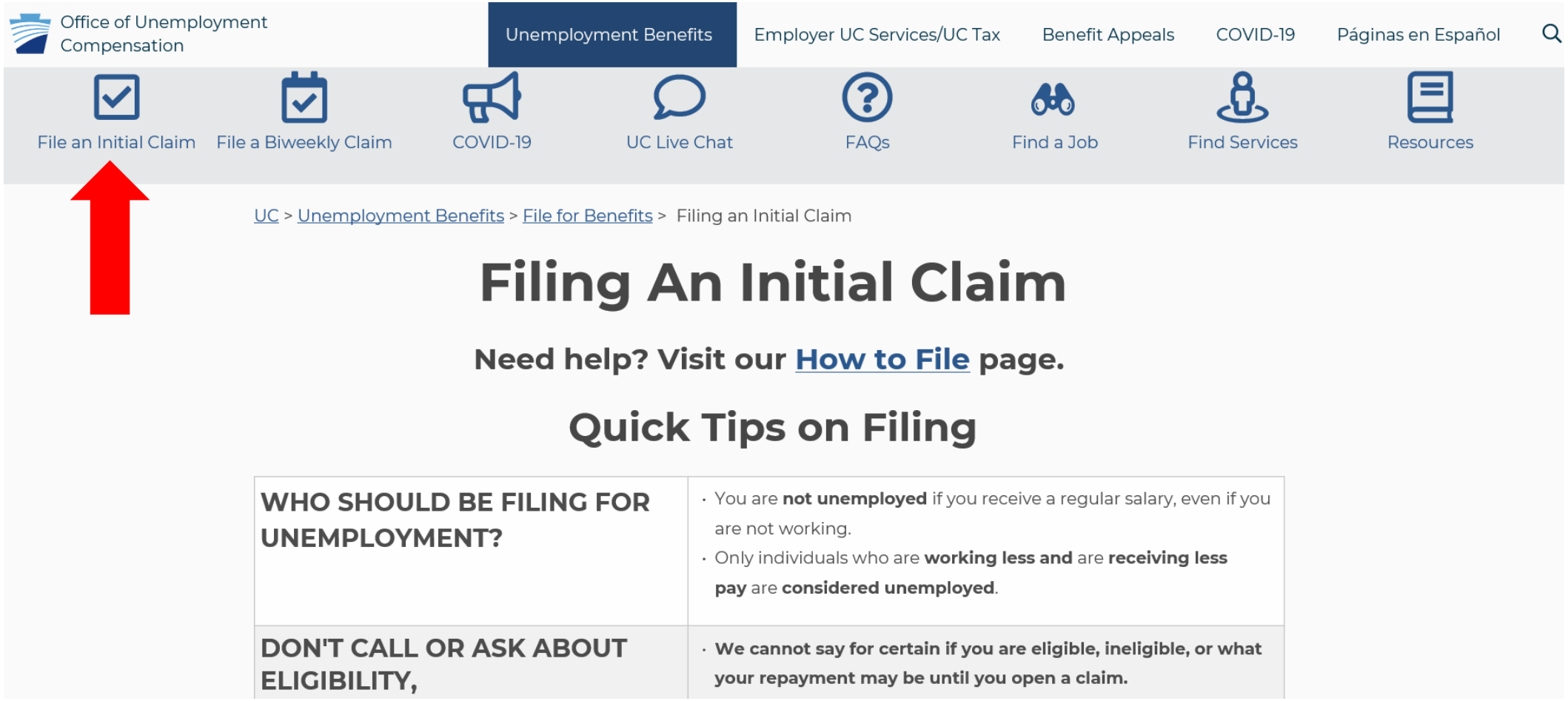
Pennsylvania Office of Unemployment Compensation



https://www.uc.pa.gov/COVID-19/Pages/default.aspx

FOCUSED. ON YOU.

Where to File a Claim



https://www.uc.pa.gov/unemployment-benefits/file/Pages/File%20an%20Initial%20Claim.aspx

FOCUSED. ON YOU.

What Information Is Required to File or Unemployment Benefits?

pennsylvania
DEPARTMENT OF LABOR & INDUSTRY
OFFICE OF UNEMPLOYMENT COMPENSATION BENEFITS POLICY

PENNSYLVANIA UNEMPLOYMENT COMPENSATION FILING MATERIALS CHECKLIST

Use this checklist to gather the information you need to file your UC claim with no delays.

CLAIMANT INFORMATION:

- ☐ Social Security number*
- ☐ Home address, mailing address (if different from your home address)
- ☐ Telephone number and valid email address
- ☐ If you are not a U.S. citizen or U.S. national: Alien registration number
- ☐ If you were on active duty in the U.S. military during the past 18 months: DD Form 214, Member 4 Also, send a copy to: **Federal Programs Unit, 651 Boas St., Harrisburg, PA 17121**
- ☐ If you worked for the federal government in the past 18 months, Standard Form 8; Standard Form 50

MOST RECENT EMPLOYER INFORMATION:

- ☐ Name of the employer where you are no longer working or for whom you are working reduced hours
- ☐ The employer's complete mailing address, phone and fax number, email address, and employer UC account number, if known
- ☐ First and last dates you worked for this employer
- ☐ Gross earnings during your last week of employment, if available
- ☐ Reason you left or, if still working, the reason you are working fewer hours
- ☐ If you are being recalled to this employer: date of recall
- ☐ If you worked for a college, university or school: your return date following a break and original terms of contract
- ☐ If receiving severance pay: amount of severance
- ☐ Other states where you have worked in the past 18 months

EMPLOYMENT HISTORY:

- ☐ Names and addresses of all your employers where you worked in the past 18 months
- ☐ First and last dates worked for these employers

DIRECT DEPOSIT INFORMATION:

(Direct deposit not required to be eligible for, or to receive, UC benefits)

- ☐ Bank name and address
- ☐ Bank telephone number
- ☐ Bank account number and Bank account routing number

*The department cannot process your claim without your Social Security number. UC is a taxable benefit, and the law requires the department to report the amount you have received to the United States Internal Revenue Service (IRS). The department also shares information with other states to prevent identity theft and to fight fraud. Your Social Security number and personal information will not be shared with anyone outside state government unemployment compensation systems and the federal government's tax system.

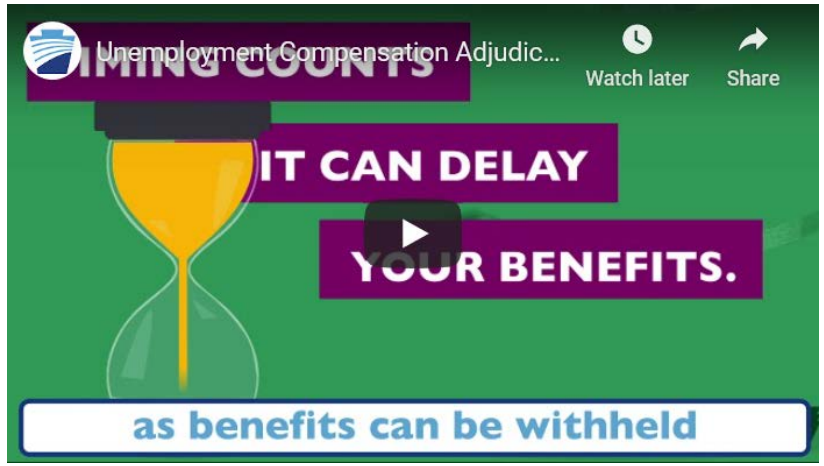
PRIVACY ACT STATEMENT

Because you are being asked to provide your Social Security number, federal law requires the department to provide you with the following notice, pursuant to the Privacy Act of 1974 (Section 7 of P.L. 93-579, 5 U.S.C. § 552a note). Disclosure of your Social Security number is mandatory for UC purposes. If you decline to give your Social Security number, your UC application and claims will not be processed.

- The department is authorized to solicit your Social Security number pursuant to the Internal Revenue Code (26 U.S.C. §§ 6050B and 6109) and the Social Security Act (42 U.S.C. § 1320b-7).
- Your Social Security number will be used to identify and administer your application and claims, determine your eligibility for UC, verify your eligibility for other government benefits, for statistical purposes, and to report the amount of UC you receive to the Internal Revenue Service for federal income tax purposes and for other purposes consistent with federal and state law.

Auxiliary aids and services are available upon request to individuals with disabilities.
Equal Opportunity Employer/Program

UC-23 REV 10-15



https://www.uc.pa.gov/unemployment-benefits/file/Pages/Filing%20Instructions.aspx

rkl LLP
FOCUSED. ON YOU.

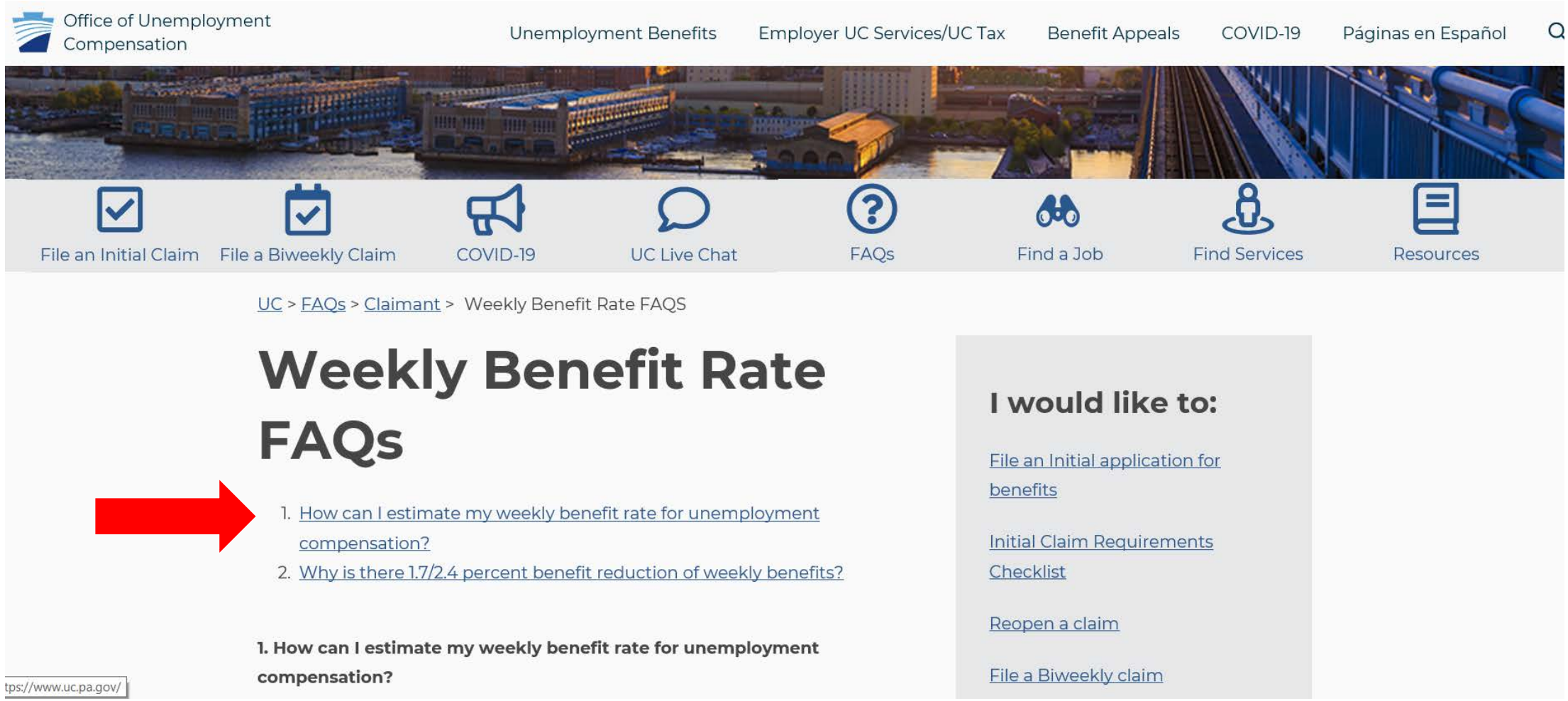
Q: How is the Weekly Benefit Amount Determined?

- The Weekly Benefit Rate is calculated based on the gross wages paid in the base year.
  - The base year is generally the first four of the last five completed calendar quarters prior to the Application for Benefits date.

- Must also have sufficient qualifying wages or total wages in the base year.
  - All wages cannot have been earned in one quarter.

- If eligible for benefits, claimant may receive an additional $5 weekly for a dependent spouse plus $3 weekly for one dependent child. If no dependent spouse, claimant can receive $5 weekly for one dependent child, plus $3 weekly for a second dependent child. The allowance for dependents cannot exceed $8 per week.

Calculating Weekly Benefit Rate



https://www.uc.pa.gov/faq/claimant/Pages/Weekly-Benefit-Rate-FAQS.aspx

FOCUSED. ON YOU.

Example #1: Individual with $48,000 salary

Step 1: Determine **Base Year**:

The first four of the last five completed calendar quarters prior to filing.

Example: If applying in April 2020, base year January 2019 – December 2019

Step 2: Determine your **High Quarter:**

Determine total gross wages received during each quarter in the base year. The quarter you were paid the most money is the High Quarter.

Example: $48,000 earned evenly = $48,000/4 = $12,000 High Quarter

Step 3: Determine your **Weekly Benefit:**

Weekly benefit is equal about ½ of gross weekly wages, as determined by your High Quarter. PA UC uses a rate table:

Example #1: Individual with $48,000 salary

Financial Charts

Highest Quarterly Wage: $11,888 - $13,737

Part A Highest Quarterly Wage	Part B Rate of Compensation	Part C Qualifying Wages
11888 - 11912	468	18,908
11913 - 11937	469	18,948
11938 - 11962	470	18,988
11963 - 11987	471	19,027
11988 - 12012	472	19,067

Example #1: Individual with $48,000 salary

Step 4: Determine **benefit under CARES**:

Additional $600/week benefit through July 31, 2020:

Example: $472 weekly benefit+ $600 CARES benefit

= $1,072 per week, which equates to $55,744 annually

- Maximum benefit is $573 per week in PA. Benefits are available for up to 26 weeks.
- Individuals making approximately $60,000 or less annually will make more on unemployment.

Example #2: Hourly worker, varied quarterly earnings

Step 1: Determine **Base Year**:

The first four of the last five completed calendar quarters prior to filing.

Example: If applying in April 2020, base year January 2019 – December 2019

Step 2: Determine your **High Quarter:**

Determine total gross wages received during each quarter in the base year. The quarter you were paid the most money is the High Quarter.

Example: Individual earned $17,400 as follows:

Q1 2019: $5,200
Q2 2019: $4,200
Q3 2019: $5,300
Q4 2019: $2,700

Step 3: Determine your **Weekly Benefit:**

Weekly benefit per PA UC rate table is $209 + $600 CARES benefit = $809/week

FOCUSED. ON YOU.

Federal CARES Act Update: 4/5/2020

The federal CARES Act will provide an additional $600 per week to individuals receiving unemployment benefits beginning March 29, 2020 through July 31, 2020. Beginning with week ending April 4, 2020, **if you file for and are eligible for a UC payment you will receive an additional $600**.

L&I will begin issuing the additional $600 per week once guidance from the United States Department of Labor is received and they have modified the system to implement that guidance.

- Will be retroactive to week ending April 4, 2020, and expected to be paid on a bi-weekly basis the week after the claimant files for and receive the regular UC payment.
- This benefit is taxable and will be subject to 10% federal withholding tax, if the claimant elected to have taxes withheld from the regular UC benefits.
  - For information about changing elections the claimant can visit the Taxes on Benefits page.

FOCUSED. ON YOU.

Federal CARES Act Update: 4/5/2020

Eligibility

- L&I will decide eligibility for the additional $600 based on eligibility for the underlying program eligibility.
- Individuals do not have to separately apply for this benefit. If the claimant is or becomes eligible for one of the following, the additional $600 will be paid:
  - Shared-Work or Short-Time Compensation (STC)
  - Trade Readjustment Allowances (TRA)
  - Pandemic Emergency Unemployment Compensation (PEUC)
  - Pandemic Unemployment Assistance (PUA)

Additional information about PEUC and PUA will be provided when we receive complete guidance from United States Department of Labor.

https://www.uc.pa.gov/Pages/covid19.aspx

When Does the Claimant Receive Funds?

Payment Funds Schedule

If you file your biweekly claim on:

- Sunday OR Monday = funds available by Wednesday
- Tuesday = funds available by Thursday
- Wednesday = funds available on Friday
- Thursday = funds available on Saturday
- Friday = funds available on the following Monday

Note: Payments may be delayed if there is an eligibility issue that must be resolved before payment can be made**.**

L&I is working as quickly as possible to process claims during this pandemic.

When Will Self-Employed, Independent Contractors and Gig Workers Be Eligible to Apply for UC Benefits?

Self-employed Individuals

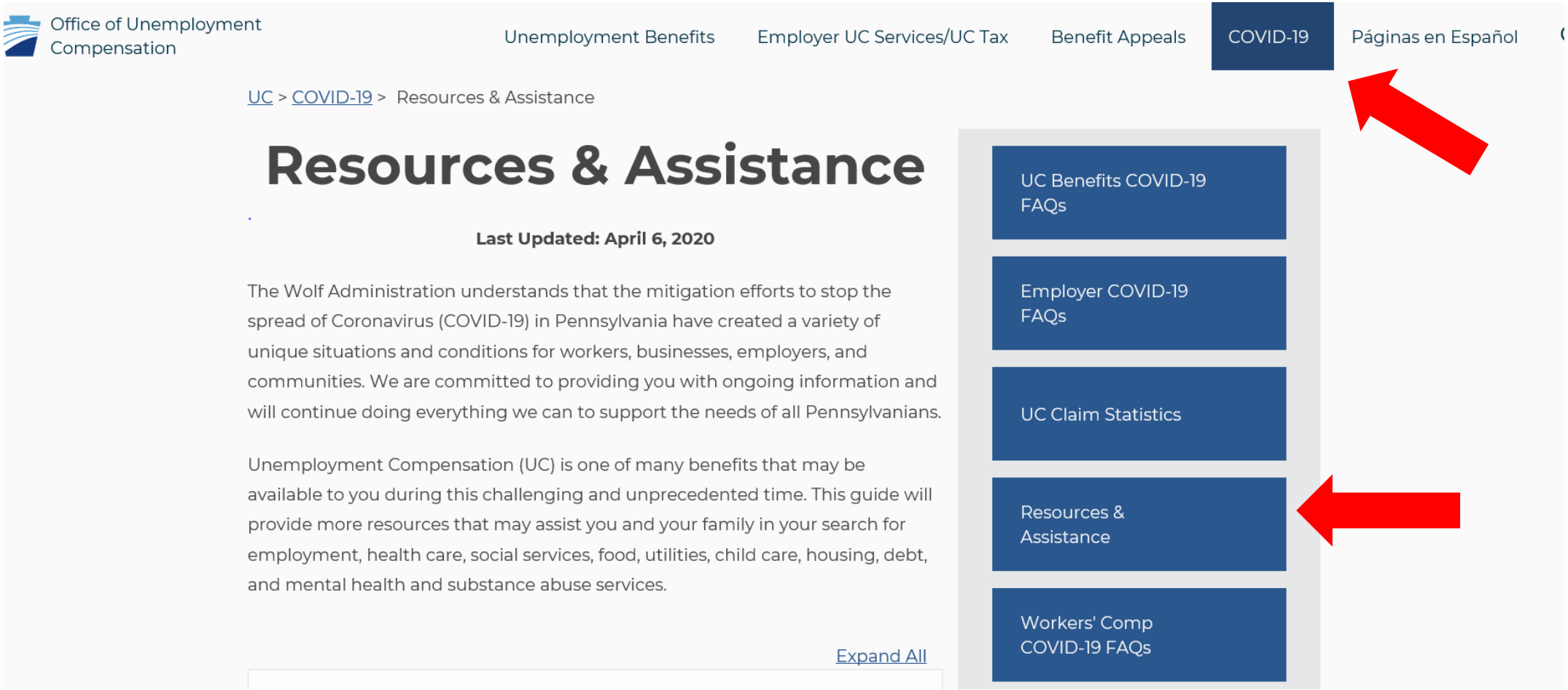
- The federal CARES Act will provide unemployment benefits to the self-employed, independent contractors and gig workers. Please continue to check this page for filing instructions. At this time, you should NOT file a claim through the existing online system or phone number.

UC Exhaustees

- The federal CARES Act will provide additional weeks of benefits for those exhausting unemployment compensation. The department will update the website with instructions on accessing these benefits as they receive guidance from the federal government. Please check the site regularly for updated instructions and to find FAQs about unemployment compensation.

https://www.uc.pa.gov/Pages/covid19.aspx

Where Can Someone Find Resources for Necessities (Food, Utilities, etc.)?



Resources and Assistance

Paid Leave Options for Employees

Click here to read more. +

Maintaining Health Insurance Coverage

Click here to read more. +

Resources from the Pennsylvania County Assistance Offices

Click here to read more. +

Resources for Food Assistance

Utility Assistance

Click here to read more. +

Child Care Resources

Click here to read more. +

Housing Resources

Click here to read more. +

Assistance Paying a Debt

Mental Health and Substance Abuse Services

rkl LLP
FOCUSED. ON YOU.

POLLING QUESTION

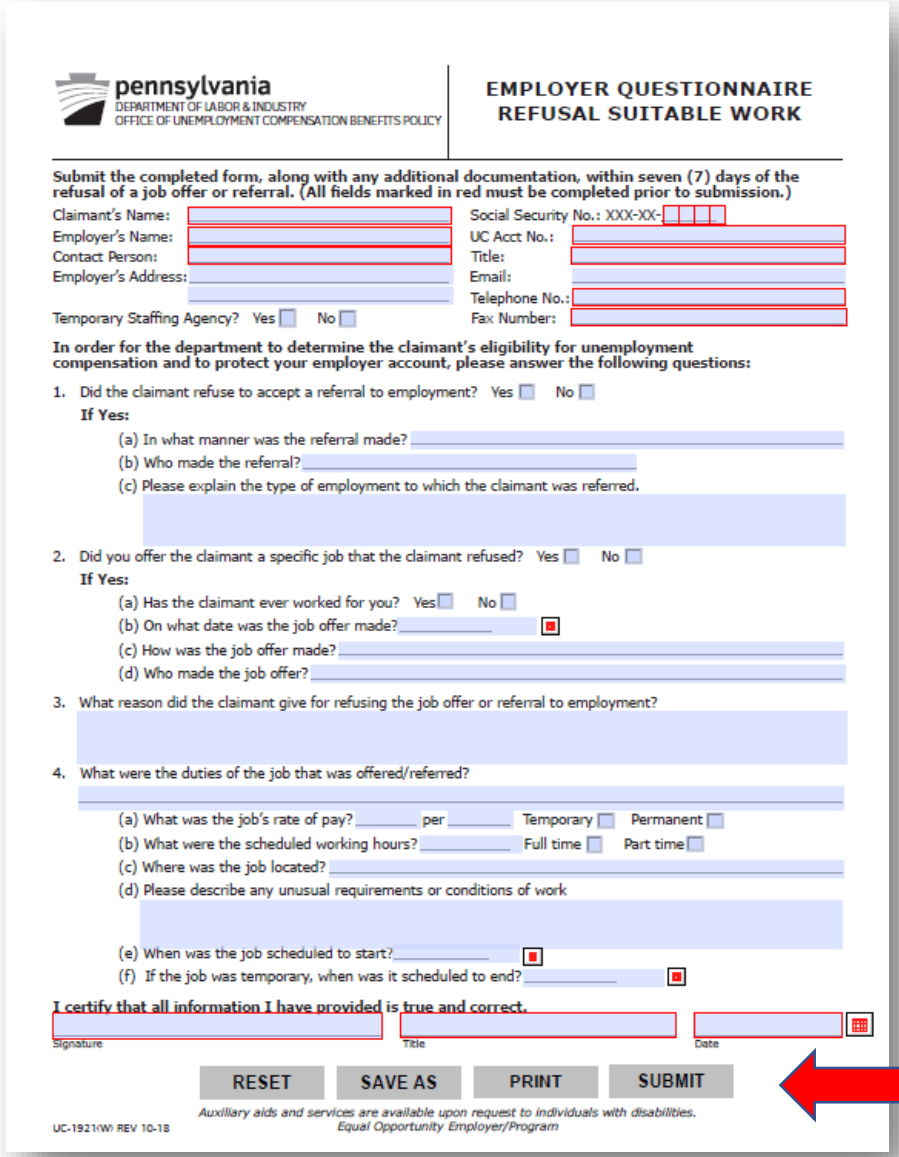
To be eligible for CPE, each polling question must be answered.

FOCUSED. ON YOU.

UNEMPLOYMENT COMPENSATION INFORMATION FOR THE EMPLOYER

FOCUSED. ON YOU.

Form UC-1921 Refusal of Suitable Work



pennsylvania
DEPARTMENT OF LABOR & INDUSTRY
OFFICE OF UNEMPLOYMENT COMPENSATION BENEFITS POLICY

EMPLOYER QUESTIONNAIRE
REFUSAL SUITABLE WORK

Submit the completed form, along with any additional documentation, within seven (7) days of the refusal of a job offer or referral. (All fields marked in red must be completed prior to submission.)

Claimant's Name:
Social Security No.: XXX-XX-
Employer's Name:
UC Acct No.:
Contact Person:
Title:
Employer's Address:
Email:
Telephone No.:
Temporary Staffing Agency? Yes No
Fax Number:

In order for the department to determine the claimant's eligibility for unemployment compensation and to protect your employer account, please answer the following questions:

1. Did the claimant refuse to accept a referral to employment? Yes No
   If Yes:
   (a) In what manner was the referral made?
   (b) Who made the referral?
   (c) Please explain the type of employment to which the claimant was referred.
2. Did you offer the claimant a specific job that the claimant refused? Yes No
   If Yes:
   (a) Has the claimant ever worked for you? Yes No
   (b) On what date was the job offer made?
   (c) How was the job offer made?
   (d) Who made the job offer?
3. What reason did the claimant give for refusing the job offer or referral to employment?
4. What were the duties of the job that was offered/referred?
   (a) What was the job's rate of pay? per Temporary Permanent
   (b) What were the scheduled working hours? Full time Part time
   (c) Where was the job located?
   (d) Please describe any unusual requirements or conditions of work
   (e) When was the job scheduled to start?
   (f) If the job was temporary, when was it scheduled to end?

I certify that all information I have provided is true and correct.

Signature | Title | Date

RESET SAVE AS PRINT SUBMIT

Auxiliary aids and services are available upon request to individuals with disabilities.
Equal Opportunity Employer/Program

UC-1921(W) REV 10-18

What happens when an employer offers a job to an applicant or asks an employee who is receiving unemployment compensation benefits to return to work, and the applicant or employee refuses the offer?

As a courtesy to the employee, notify them that they are being recalled and that you are taking safety precautions by following the recommendations issued by the CDC to provide a clean work environment and their refusal to return to work may impact their eligibility for UC benefits.

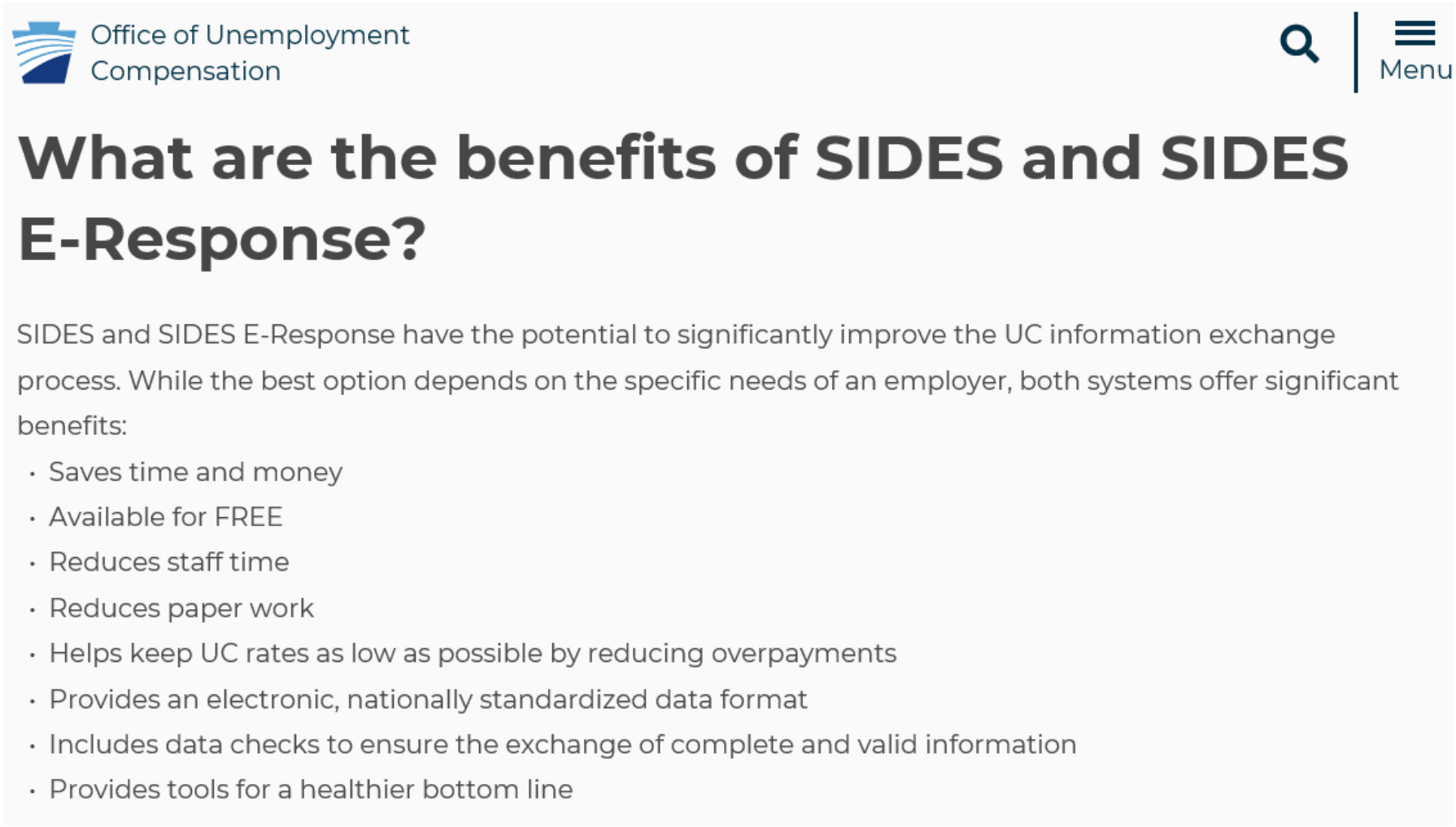
NOTE: The employer must notify the department of the refusal along with documentation within seven days from when the offer is made. The best way to submit is online. It can be sent via fax if necessary.

https://www.uc.pa.gov/forms/Pages/UC-1921W-Refusal-of-Suitable-Work.aspx

Complete and submit the form online by clicking here

FOCUSED. ON YOU.

State Information Data Exchange System (SIDES)



https://www.uc.pa.gov/employers-uc-services-uc-tax/sides/Pages/default.aspx

State Information Data Exchange System (SIDES) Enrollment

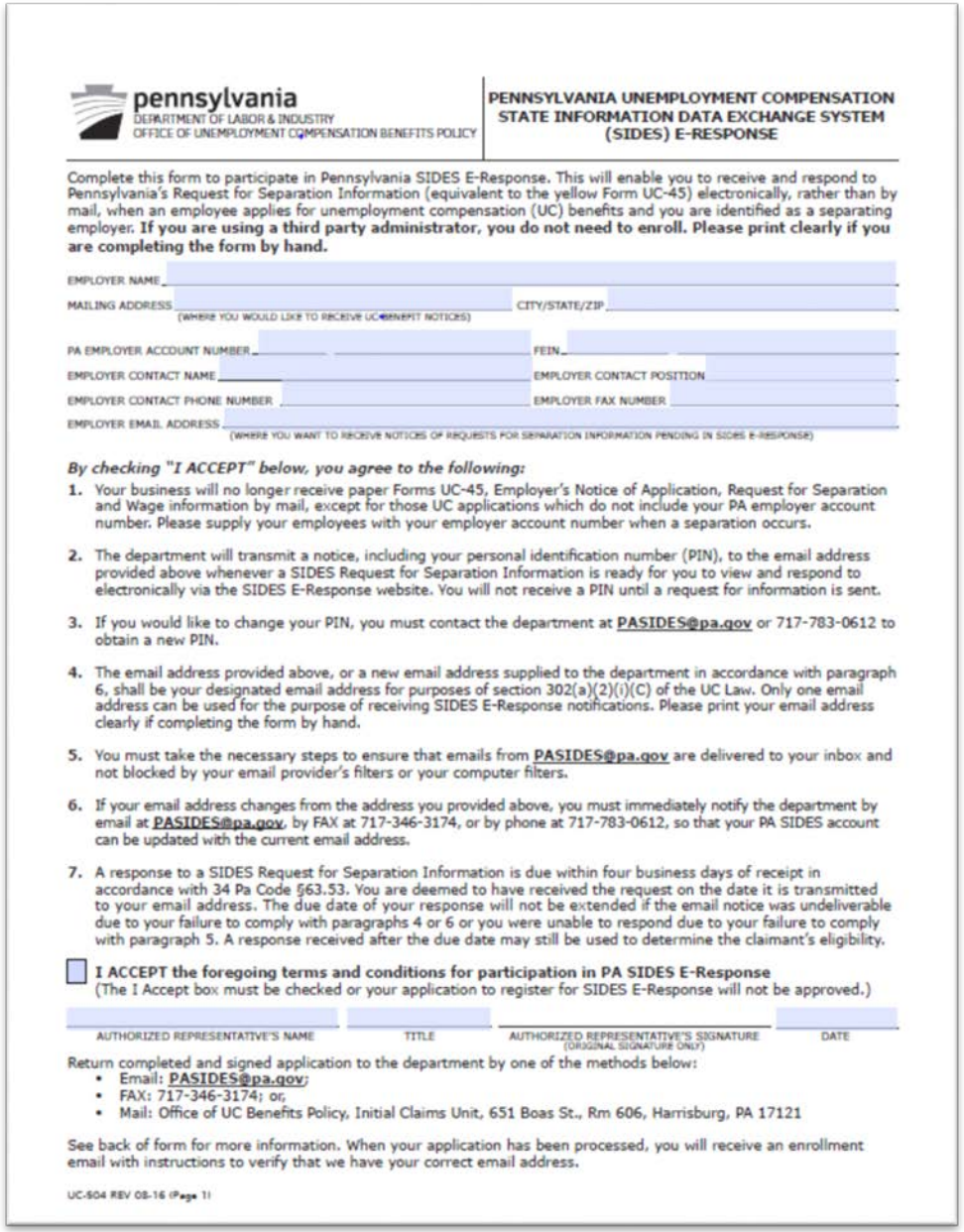
Return completed and signed application to the department by one of the methods below:

- Email: **PASIDES@pa.gov**;
- FAX: 717-346-3174; or,
- Mail: Office of UC Benefits Policy, Initial Claims Unit, 651 Boas St., Rm 606, Harrisburg, PA 17121

If you are using a third party administrator, you do not need to enroll.

NOTE: SIDES applications can only be accepted in the following formats: pdf, png, jpeg

https://www.uc.pa.gov/Documents/UC_Forms/UC-504.pdf



pennsylvania
DEPARTMENT OF LABOR & INDUSTRY
OFFICE OF UNEMPLOYMENT COMPENSATION BENEFITS POLICY

PENNSYLVANIA UNEMPLOYMENT COMPENSATION STATE INFORMATION DATA EXCHANGE SYSTEM (SIDES) E-RESPONSE

Complete this form to participate in Pennsylvania SIDES E-Response. This will enable you to receive and respond to Pennsylvania's Request for Separation Information (equivalent to the yellow Form UC-45) electronically, rather than by mail, when an employee applies for unemployment compensation (UC) benefits and you are identified as a separating employer. **If you are using a third party administrator, you do not need to enroll. Please print clearly if you are completing the form by hand.**

EMPLOYER NAME

MAILING ADDRESS (WHERE YOU WOULD LIKE TO RECEIVE UC BENEFIT NOTICES) CITY/STATE/ZIP

PA EMPLOYER ACCOUNT NUMBER FEIN

EMPLOYER CONTACT NAME EMPLOYER CONTACT POSITION

EMPLOYER CONTACT PHONE NUMBER EMPLOYER FAX NUMBER

EMPLOYER EMAIL ADDRESS (WHERE YOU WANT TO RECEIVE NOTICES OF REQUESTS FOR SEPARATION INFORMATION PENDING IN SIDES E-RESPONSE)

By checking "I ACCEPT" below, you agree to the following:

1. Your business will no longer receive paper Forms UC-45, Employer's Notice of Application, Request for Separation and Wage information by mail, except for those UC applications which do not include your PA employer account number. Please supply your employees with your employer account number when a separation occurs.
2. The department will transmit a notice, including your personal identification number (PIN), to the email address provided above whenever a SIDES Request for Separation Information is ready for you to view and respond to electronically via the SIDES E-Response website. You will not receive a PIN until a request for information is sent.
3. If you would like to change your PIN, you must contact the department at PASIDES@pa.gov or 717-783-0612 to obtain a new PIN.
4. The email address provided above, or a new email address supplied to the department in accordance with paragraph 6, shall be your designated email address for purposes of section 302(a)(2)(i)(C) of the UC Law. Only one email address can be used for the purpose of receiving SIDES E-Response notifications. Please print your email address clearly if completing the form by hand.
5. You must take the necessary steps to ensure that emails from PASIDES@pa.gov are delivered to your inbox and not blocked by your email provider's filters or your computer filters.
6. If your email address changes from the address you provided above, you must immediately notify the department by email at PASIDES@pa.gov, by FAX at 717-346-3174, or by phone at 717-783-0612, so that your PA SIDES account can be updated with the current email address.
7. A response to a SIDES Request for Separation Information is due within four business days of receipt in accordance with 34 Pa Code §63.53. You are deemed to have received the request on the date it is transmitted to your email address. The due date of your response will not be extended if the email notice was undeliverable due to your failure to comply with paragraphs 4 or 6 or you were unable to respond due to your failure to comply with paragraph 5. A response received after the due date may still be used to determine the claimant's eligibility.

☐ **I ACCEPT the foregoing terms and conditions for participation in PA SIDES E-Response**
(The I Accept box must be checked or your application to register for SIDES E-Response will not be approved.)

AUTHORIZED REPRESENTATIVE'S NAME TITLE AUTHORIZED REPRESENTATIVE'S SIGNATURE (ORIGINAL SIGNATURE ONLY) DATE

Return completed and signed application to the department by one of the methods below:
- Email: PASIDES@pa.gov;
- FAX: 717-346-3174; or,
- Mail: Office of UC Benefits Policy, Initial Claims Unit, 651 Boas St., Rm 606, Harrisburg, PA 17121

See back of form for more information. When your application has been processed, you will receive an enrollment email with instructions to verify that we have your correct email address.

UC-504 REV 08-16 (Page 1)

Step-by-Step Employer Guide

Office of Unemployment Compensation

[SIDES E-Response Employer Guide]

[Frequently Asked Questions]

[SIDES E-Response for Small Businesses]

[SIDES TPA and Large Employer]

[SIDES Fact Sheet] (PDF)

To sign up for this program, please complete the enrollment form. [Enroll in SIDES (PDF)]

Office of Unemployment Compensation

SIDES

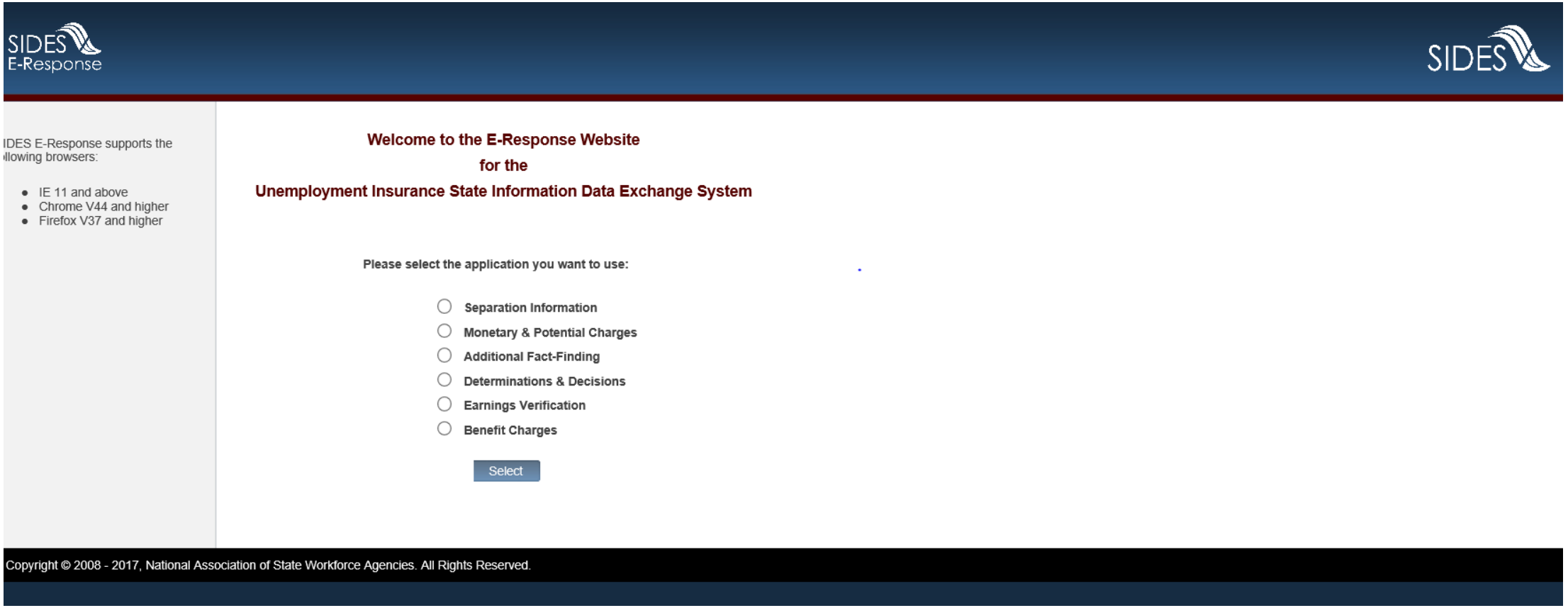
NASWA State Information Data Exchange System

In Partnership with USDOL

SIDES E-Response Employer Guide

FOCUSED. ON YOU.

SIDES E-Response

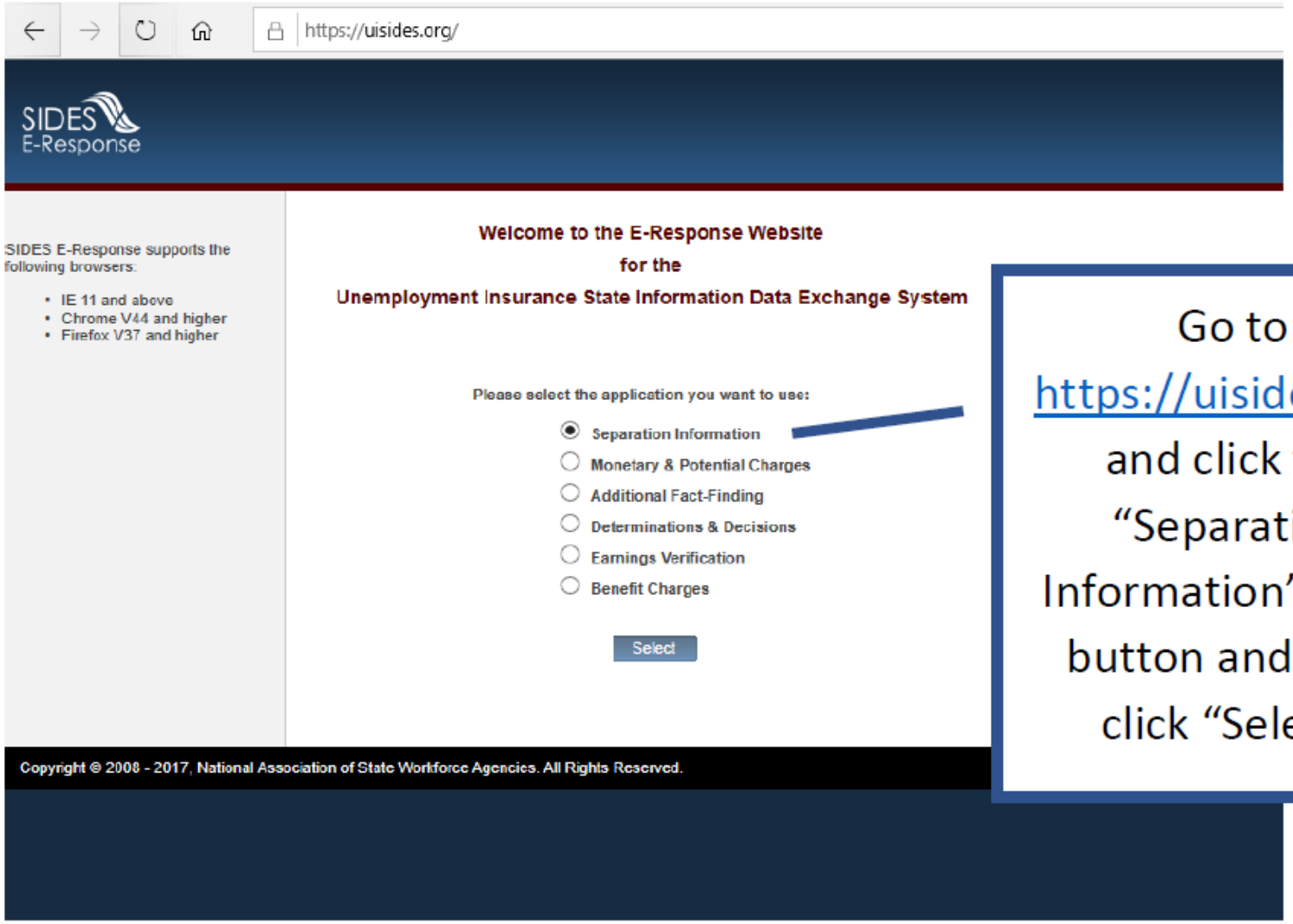


https://uisides.org/

FOCUSED. ON YOU.

SIDES E-Response

SIDES E-Response website home page



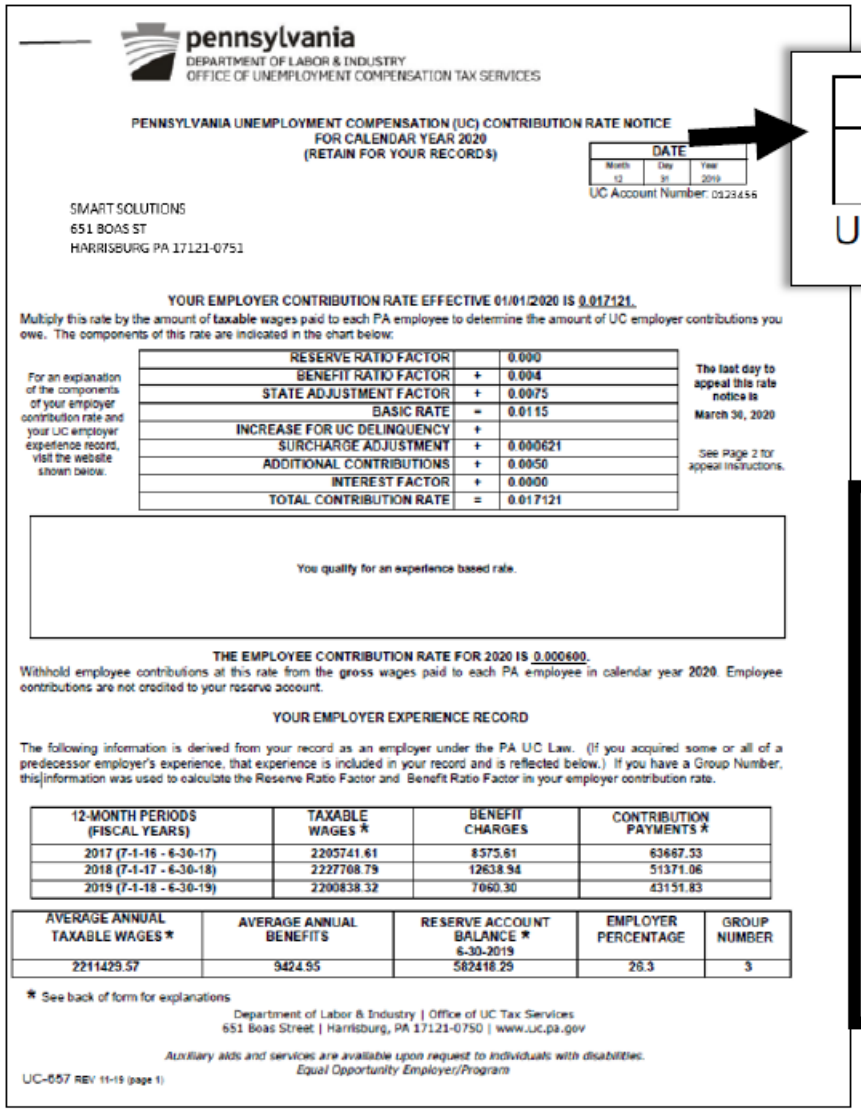
https://uisides.org/

Go to https://uisides.org/ and click the "Separation Information" radio button and then click "Select"

FOCUSED. ON YOU.

PA UC Contribution Rate Notice

Finding your SEIN from your Contribution Rate Notice (UC-657)



pennsylvania
DEPARTMENT OF LABOR & INDUSTRY
OFFICE OF UNEMPLOYMENT COMPENSATION TAX SERVICES

PENNSYLVANIA UNEMPLOYMENT COMPENSATION (UC) CONTRIBUTION RATE NOTICE
FOR CALENDAR YEAR 2020
(RETAIN FOR YOUR RECORDS)

DATE
Month 12 | Day 31 | Year 2019
UC Account Number: 0123456

SMART SOLUTIONS
651 BOAS ST
HARRISBURG PA 17121-0751

YOUR EMPLOYER CONTRIBUTION RATE EFFECTIVE 01/01/2020 IS 0.017121.
Multiply this rate by the amount of taxable wages paid to each PA employee to determine the amount of UC employer contributions you owe. The components of this rate are indicated in the chart below:

For an explanation of the components of your employer contribution rate and your UC employer experience record, visit the website shown below.

RESERVE RATIO FACTOR		0.000
BENEFIT RATIO FACTOR	+	0.004
STATE ADJUSTMENT FACTOR	+	0.0075
BASIC RATE	=	0.0115
INCREASE FOR UC DELINQUENCY	+	
SURCHARGE ADJUSTMENT	+	0.000621
ADDITIONAL CONTRIBUTIONS	+	0.0050
INTEREST FACTOR	+	0.0000
TOTAL CONTRIBUTION RATE	=	0.017121

The last day to appeal this rate notice is March 30, 2020

See Page 2 for appeal instructions.

You qualify for an experience based rate.

THE EMPLOYEE CONTRIBUTION RATE FOR 2020 IS 0.000600.
Withhold employee contributions at this rate from the gross wages paid to each PA employee in calendar year 2020. Employee contributions are not credited to your reserve account.

YOUR EMPLOYER EXPERIENCE RECORD

The following information is derived from your record as an employer under the PA UC Law. (If you acquired some or all of a predecessor employer's experience, that experience is included in your record and is reflected below.) If you have a Group Number, this information was used to calculate the Reserve Ratio Factor and Benefit Ratio Factor in your employer contribution rate.

12-MONTH PERIODS (FISCAL YEARS)	TAXABLE WAGES *	BENEFIT CHARGES	CONTRIBUTION PAYMENTS *
2017 (7-1-16 - 6-30-17)	2205741.61	8575.61	63667.53
2018 (7-1-17 - 6-30-18)	2227708.79	12638.94	51371.06
2019 (7-1-18 - 6-30-19)	2200838.32	7060.30	43151.83

AVERAGE ANNUAL TAXABLE WAGES *	AVERAGE ANNUAL BENEFITS	RESERVE ACCOUNT BALANCE * 6-30-2019	EMPLOYER PERCENTAGE	GROUP NUMBER
2211429.57	9424.95	582418.29	26.3	3

* See back of form for explanations

Department of Labor & Industry | Office of UC Tax Services
651 Boas Street | Harrisburg, PA 17121-0750 | www.uc.pa.gov

Auxiliary aids and services are available upon request to individuals with disabilities.
Equal Opportunity Employer/Program

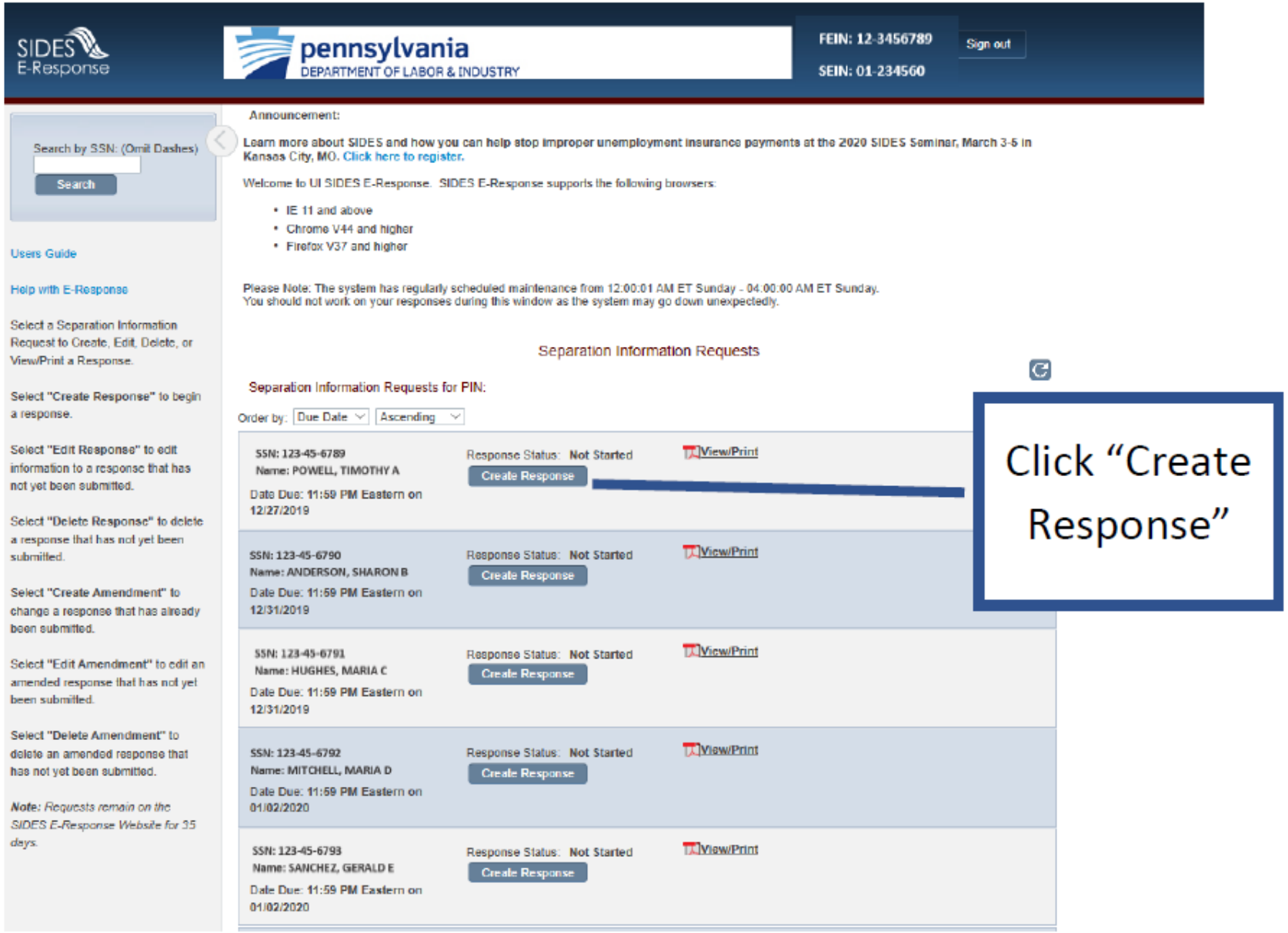
UC-657 REV 11-19 (page 1)

DATE
Month 12 | Day 31 | Year 2019
UC Account Number: 0123456

The format of the SEIN on the SIDES log in page from this example is 01-234560, **after adding a hyphen after the first two digits (01), and a zero at the end**

FOCUSED. ON YOU.

List of Separation Information Requests



Click "Create Response"

FOCUSED. ON YOU.

Final Step in the Process

Confirmation

FOCUSED. ON YOU.

RECALLING EMPLOYEES

FOCUSED. ON YOU.

Considerations for Bringing Employees Back to Work

1. First review your company recall policy.
2. Did you give any indication, either orally or in writing of any form, about what the company would do about their job should economic circumstances change?
3. Did management representatives make any promises of reemployment or unintentional preferential treatment?
4. Be mindful of potential complications. Being laid off can impact a worker’s attitude. Does the employee still feel positive towards the company and will they represent the business well to others?
5. Avoid discrimination claims. Avoid accusations when rehiring your workforce in waves.
6. Consider how you will handle employee benefits if they need to be reinstated.

Develop a Recall Plan

- Conduct an evaluation of your business and determine how many positions you will bring back at a time.
- What criteria will you use for selecting employees?
  - Seniority
  - Job function, etc.
- Do you have critical positions or employees with key skills that need to return first?
  - Will you recall employees with the greatest length of service first?
- Evaluate if you need to adjust roles and responsibilities if you can’t bring back your entire workforce.
  - Employees may be assigned to perform duties of laid-off employees if the work is appropriate for their classification.

Develop a Recall Plan

- How will you notify your employees of the recall?
  - Phone call, email, registered mail with return receipt requested, etc.?
  - If notifying via phone, consider a secondary option as a form of documentation such as registered mail or email.
- How many days does the employee have to respond to the recall notice?
- Will employees need to follow new protocol upon return? Notify ahead of time so they know what to expect and can plan accordingly.
  - Face mask
  - Gloves
  - Handwashing procedures
  - Office cleaning guidelines

Navigating Emotions When Returning After a Layoff

Employees returning to work may exhibit one or more of the following job-related behaviors:

- Exhilaration, enthusiasm and high motivation, desire to please or impress
- Fear or anxiety, lack of confidence, withdrawal or isolation
- Problems with memory or focus
- Increased sensitivity to constructive performance feedback
- Difficulty getting along with others
- Sarcasm, cynicism or anger
- Performance problems related to erosion of skills, distraction, fatigue

POLLING QUESTION

To be eligible for CPE, each polling question must be answered.

FOCUSED. ON YOU.

ECONOMIC UPDATE

FOCUSED. ON YOU.

Agenda

- COVID-19
- U.S. Economy
- Small Business
- Fiscal & Monetary Stimulus

FOCUSED. ON YOU.

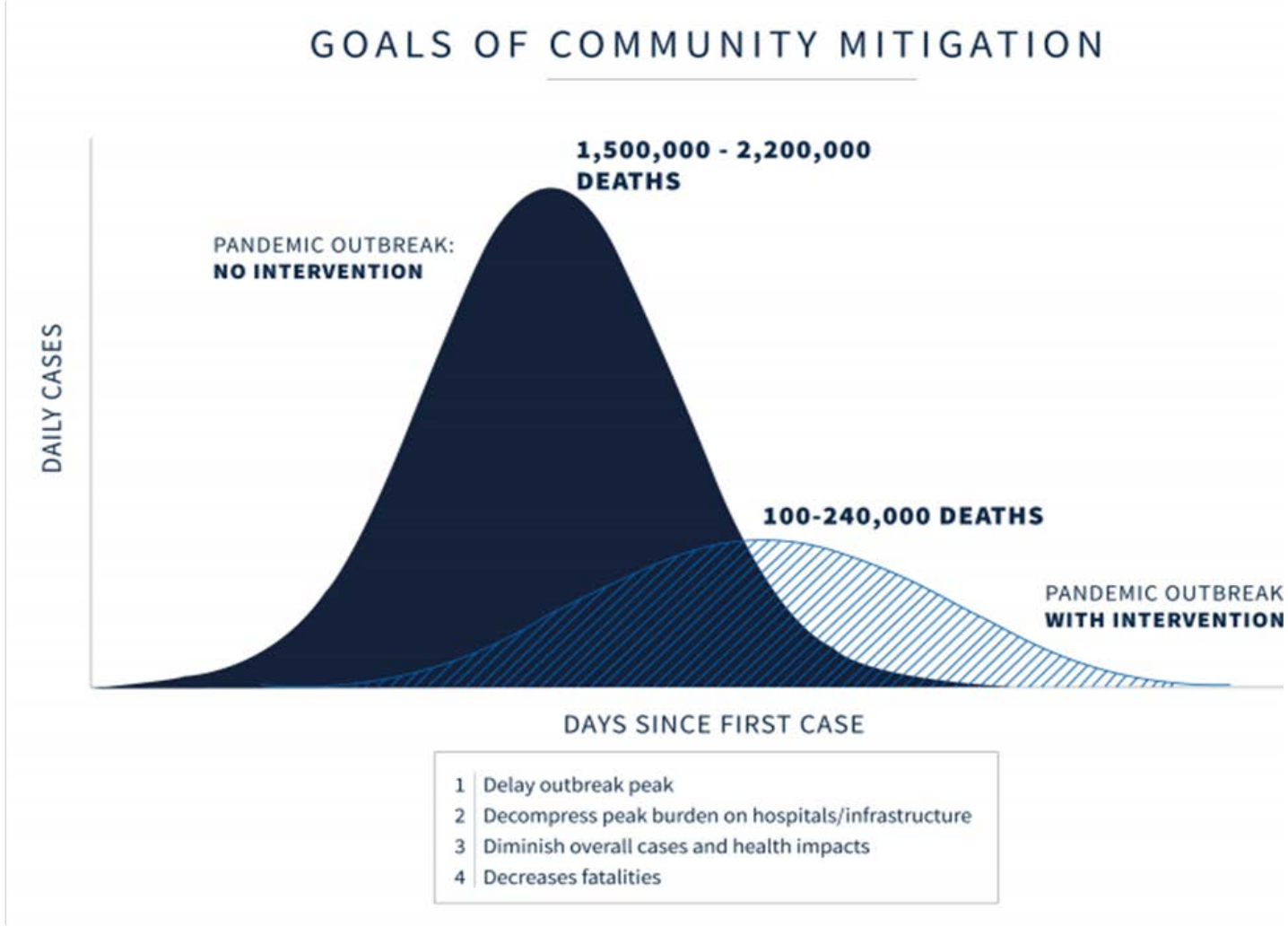
Total Cases, Deaths and Fatality Rate

	SARS (2002)	MERS (2012)	COVID-19 (Global)	COVID-19 (US)	H1N1 (US) (2009)	Seasonal Flu (US) Current*
Total Cases	8,096	2,499	1,605,548	468,895	60,837,748	32mm - 45mm
Deaths	774	861	95,808	16,697	12,469	18k - 46k
Fatality Rate	10%	34%	5.9%	3.6%	0.02%	0.06% - 0.10%

*(Sources: Centers for Disease Control and Prevention; Johns Hopkins University, CSSE Coronavirus Dashboard, as of 4/10/20; worldometers.info Coronavirus Dashboard, as of 4/10/20; *Seasonal flu figures are Preliminary Burden Estimate by the US CDC from 10/1/19 through 2/2/20)*

rkl LLP
FOCUSED. ON YOU.

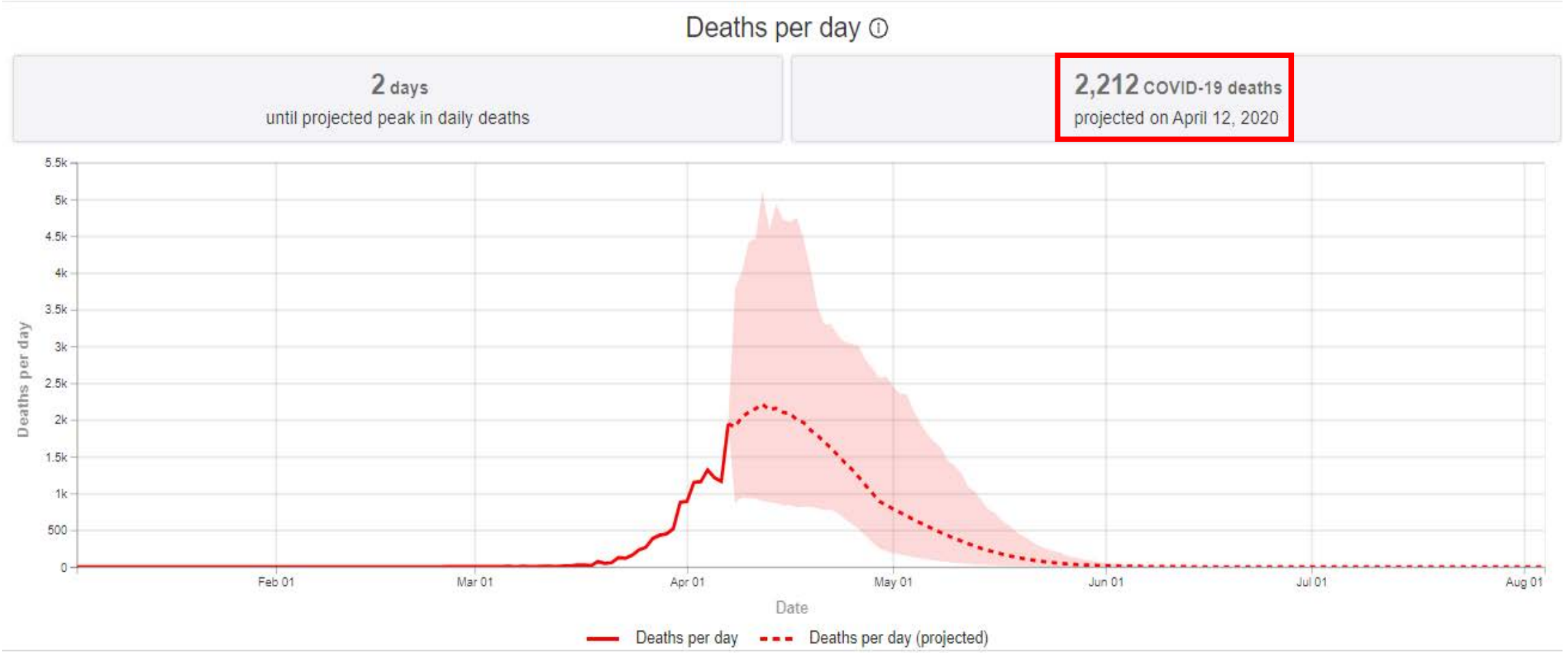
President's Coronavirus Task Force



(Source: President's Coronavirus Task Force, Press Briefing, 3/31/20)

FOCUSED. ON YOU.

Institute for Health Metrics and Evaluations (IHME)



(Source: Institute for Health Metrics and Evaluation, covid19.health.org, 4/10/20)

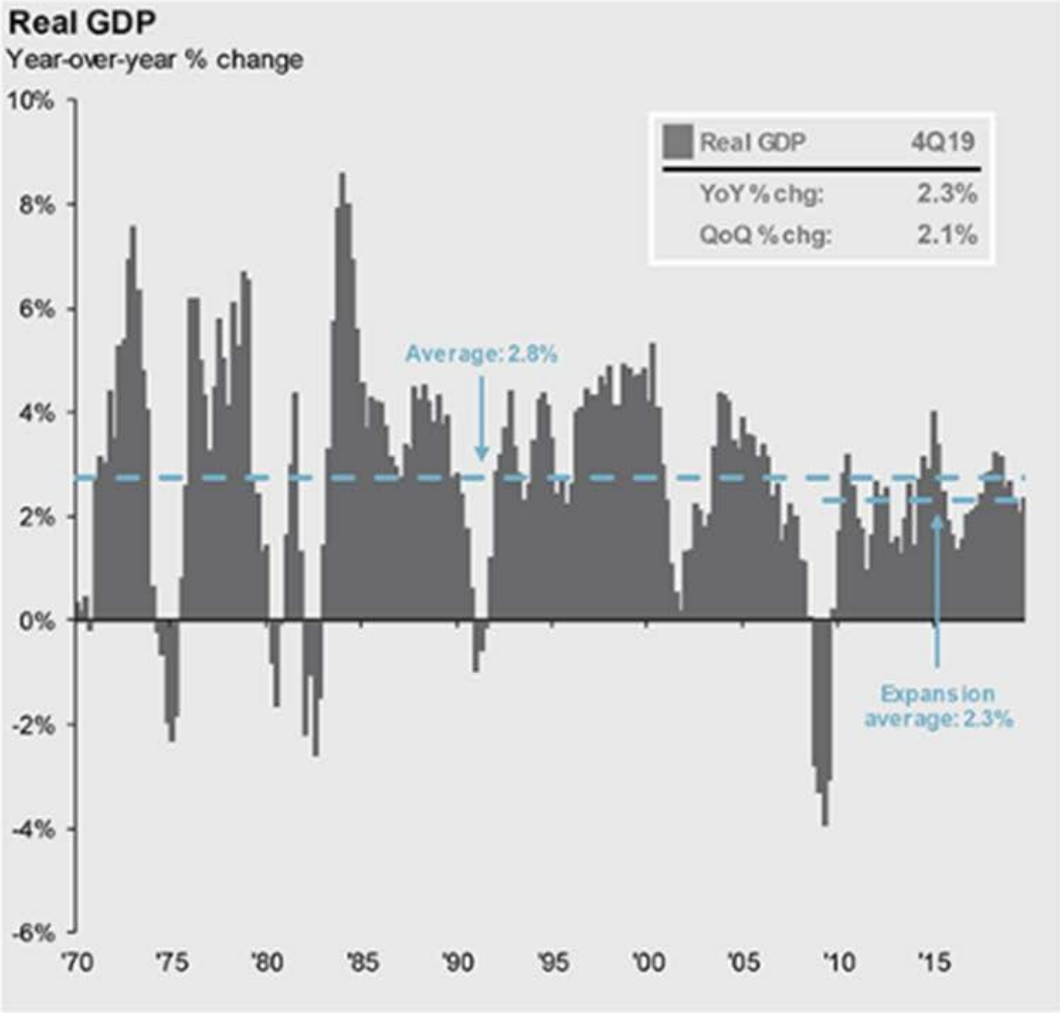
FOCUSED. ON YOU.

Institute for Health Metrics and Evaluations (IHME)

(Source: Institute for Health Metrics and Evaluation, covid19.health.org, 4/10/20)

FOCUSED. ON YOU.

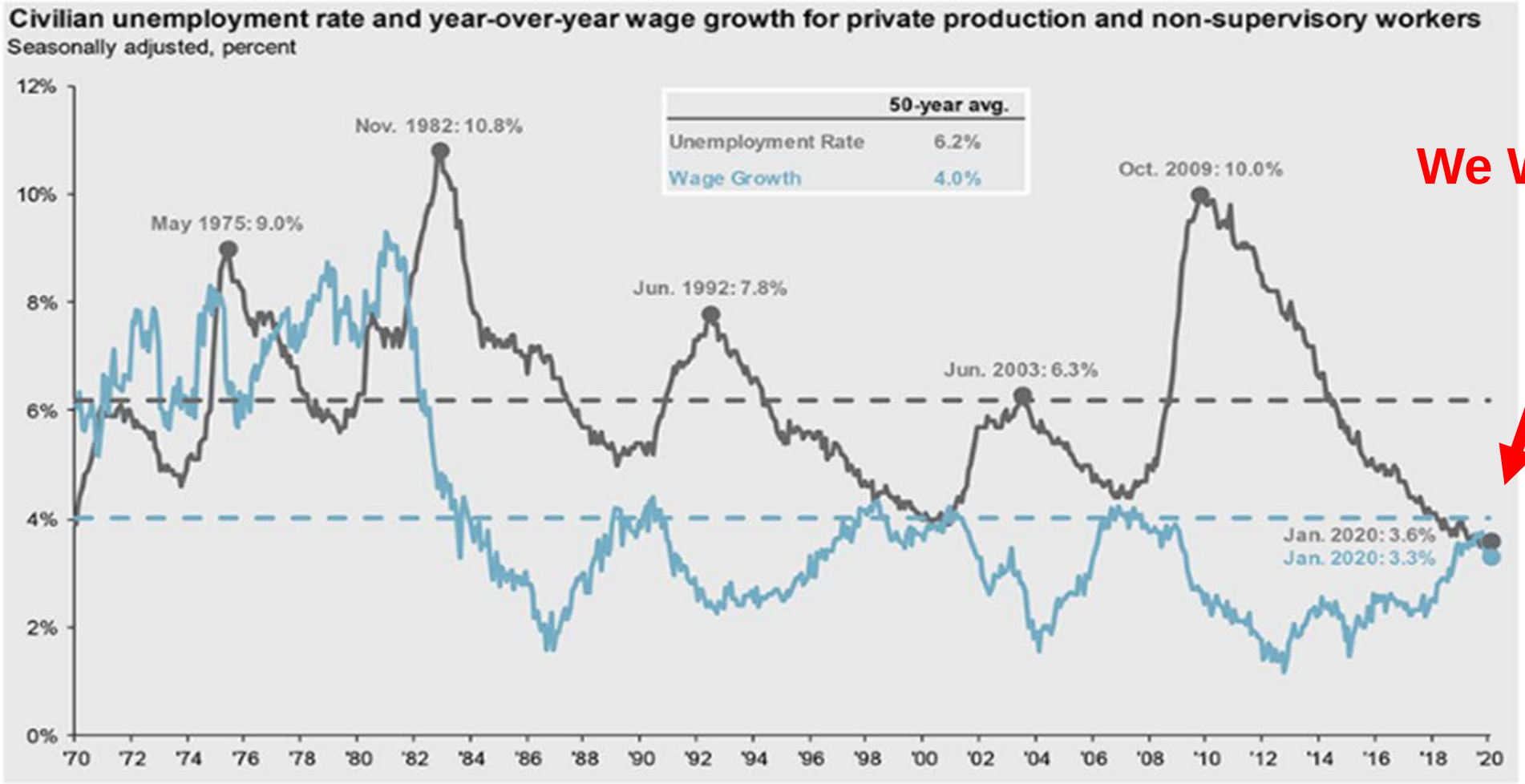
U.S. Economy



(Source: JPMorgan Chase, Guide to the Markets; March 2020; data as of 2/29/20)

rkl LLP
FOCUSED. ON YOU.

U.S. Employment Picture

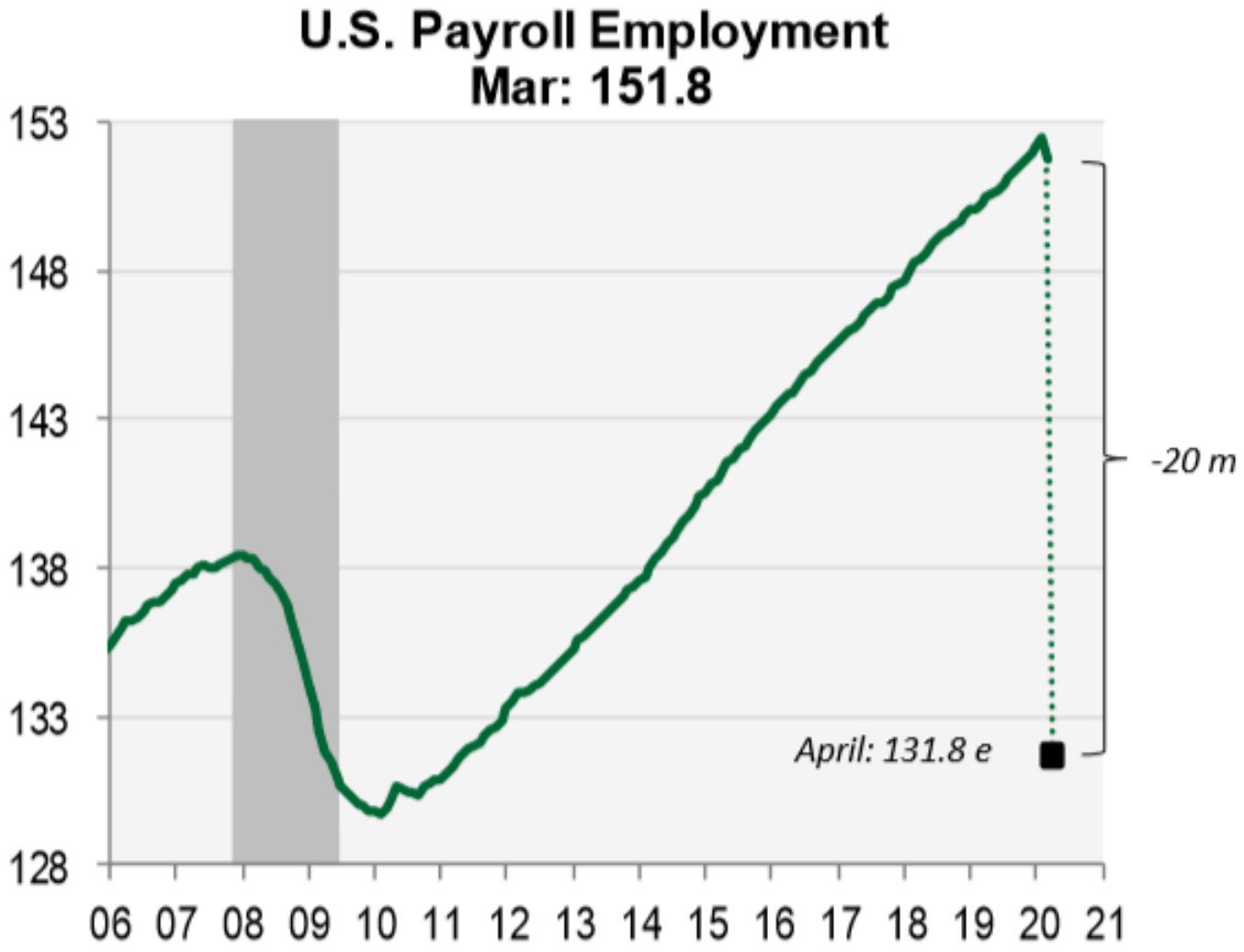


We WERE Here

(Source: JPMorgan Chase, Guide to the Markets; March 2020; data as of 2/29/20)

FOCUSED. ON YOU.

U.S. Employment Picture



(Source: Cornerstone Macro, Economic Research, 4/9/20)

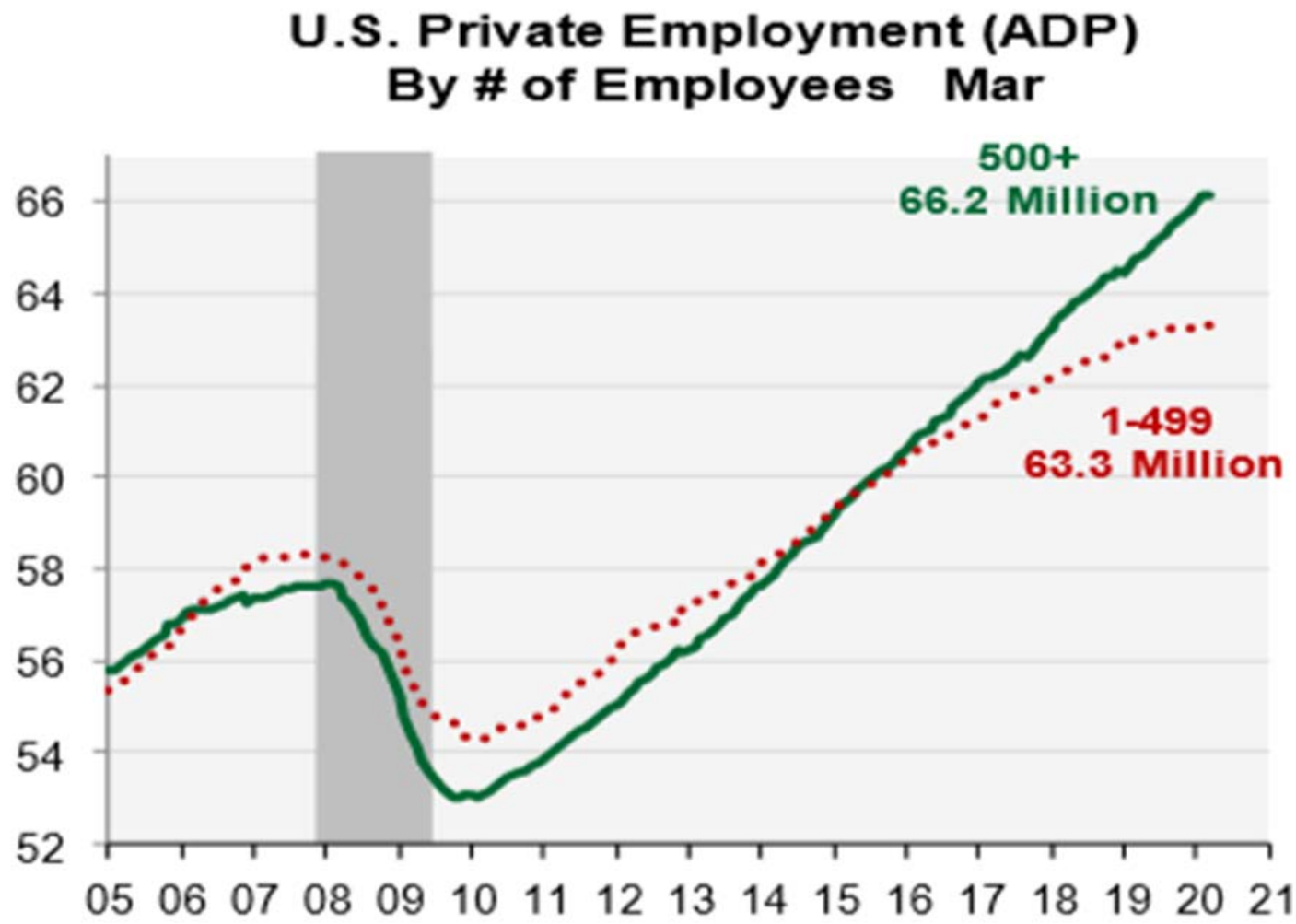
FOCUSED. ON YOU.

U.S. Employment Picture

(Source: Cornerstone Macro, Economic Research, 4/9/20)

FOCUSED. ON YOU.

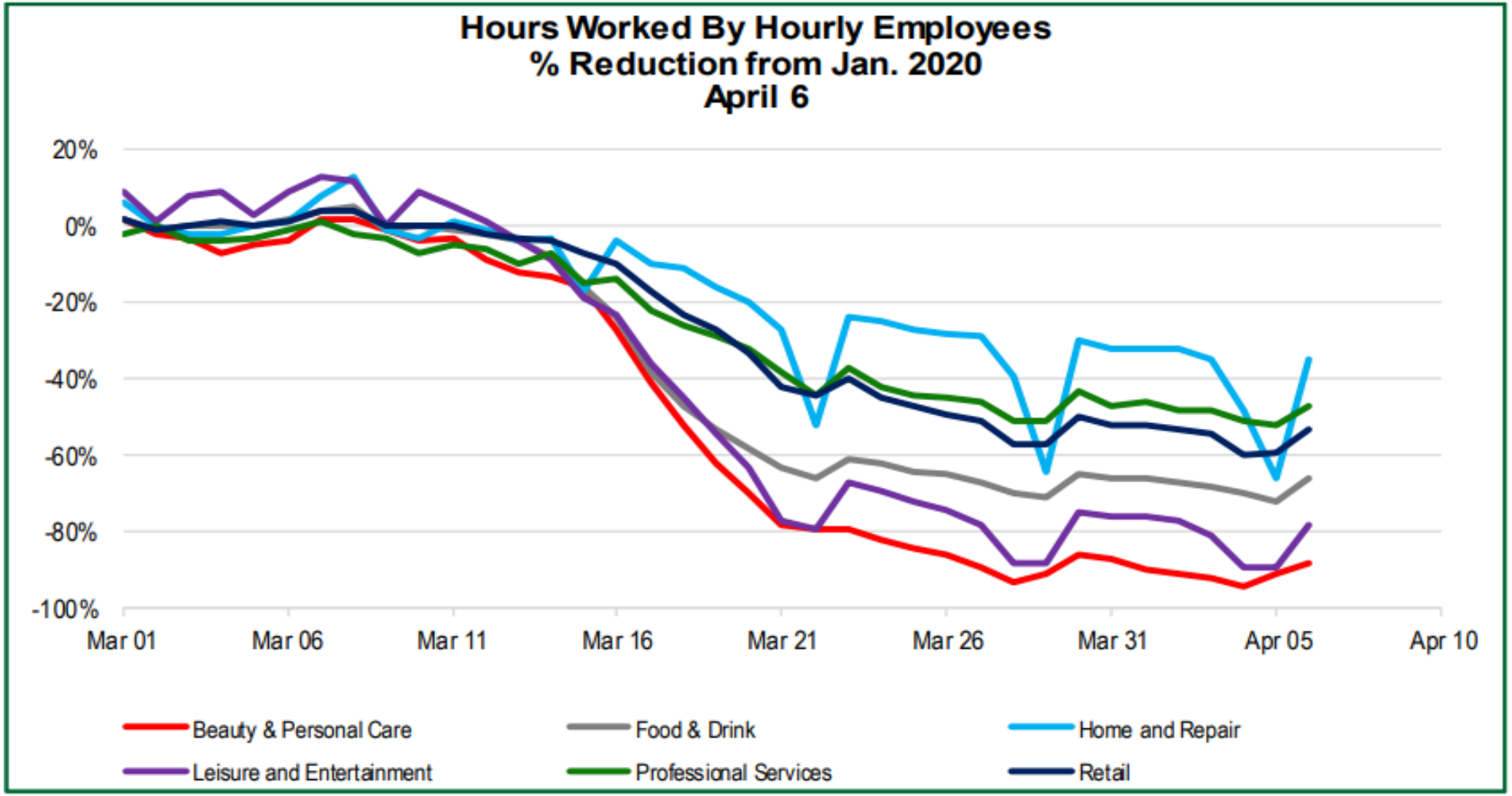
U.S. Employment Picture



(Source: Cornerstone Macro, Economic Research, 4/3/20)

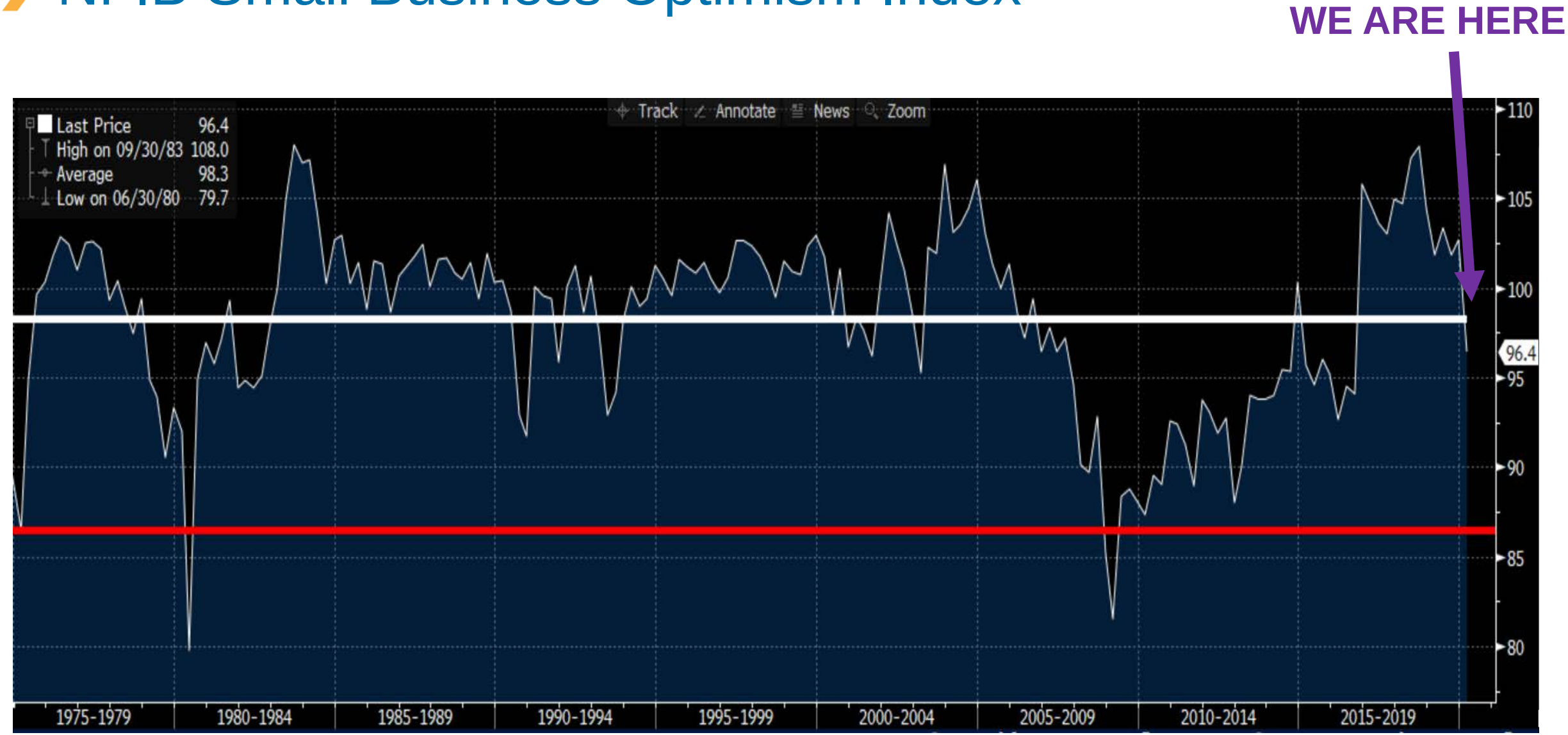
FOCUSED. ON YOU.

U.S. Small Businesses



(Source: HOMEBASE, Cornerstone Macro, Economic Research, as of 4/9/20)

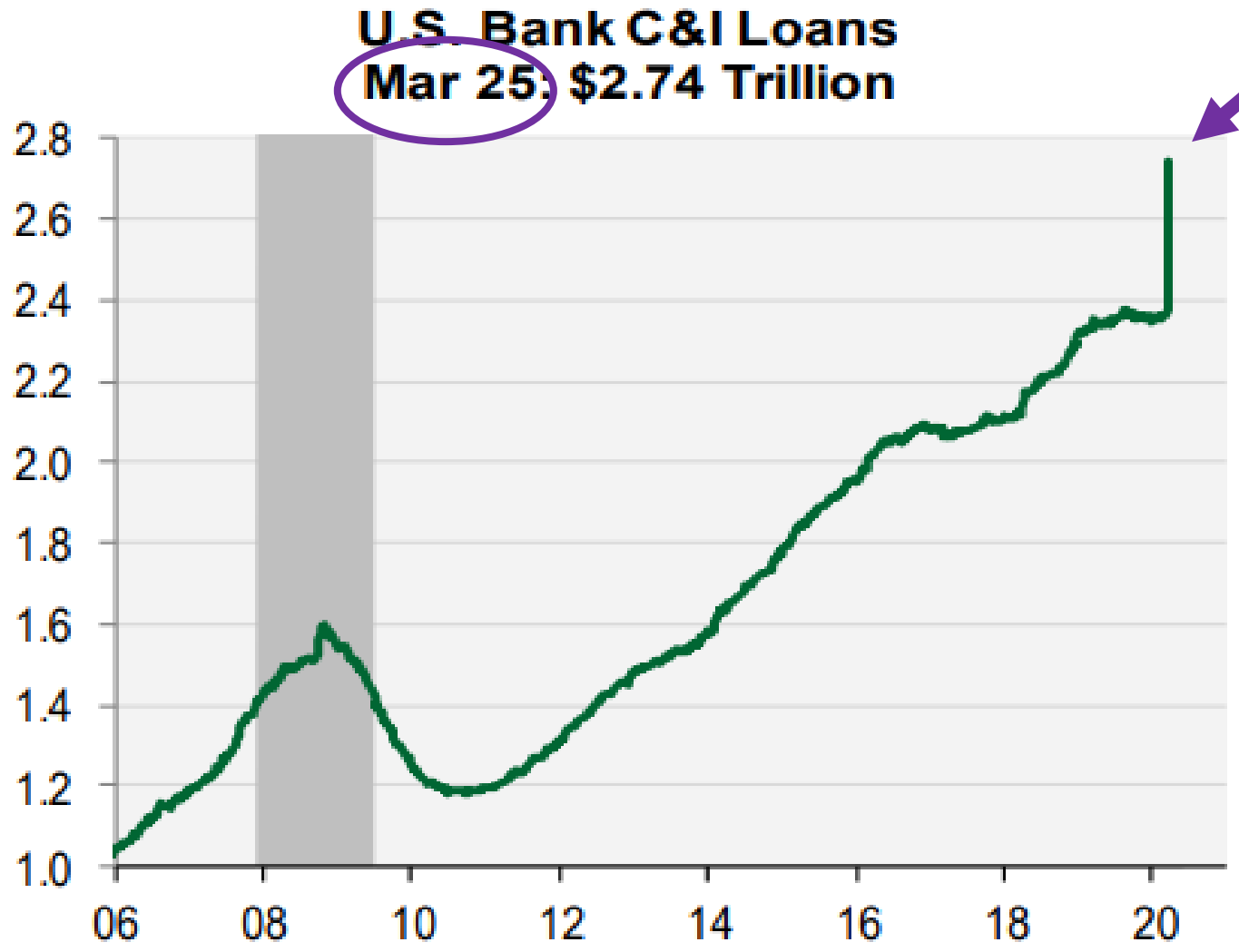
NFIB Small Business Optimism Index



(Source: NFIB U.S. Small Business Optimism Index, Bloomberg, as of 4/9/20)

U.S. Bank Loans

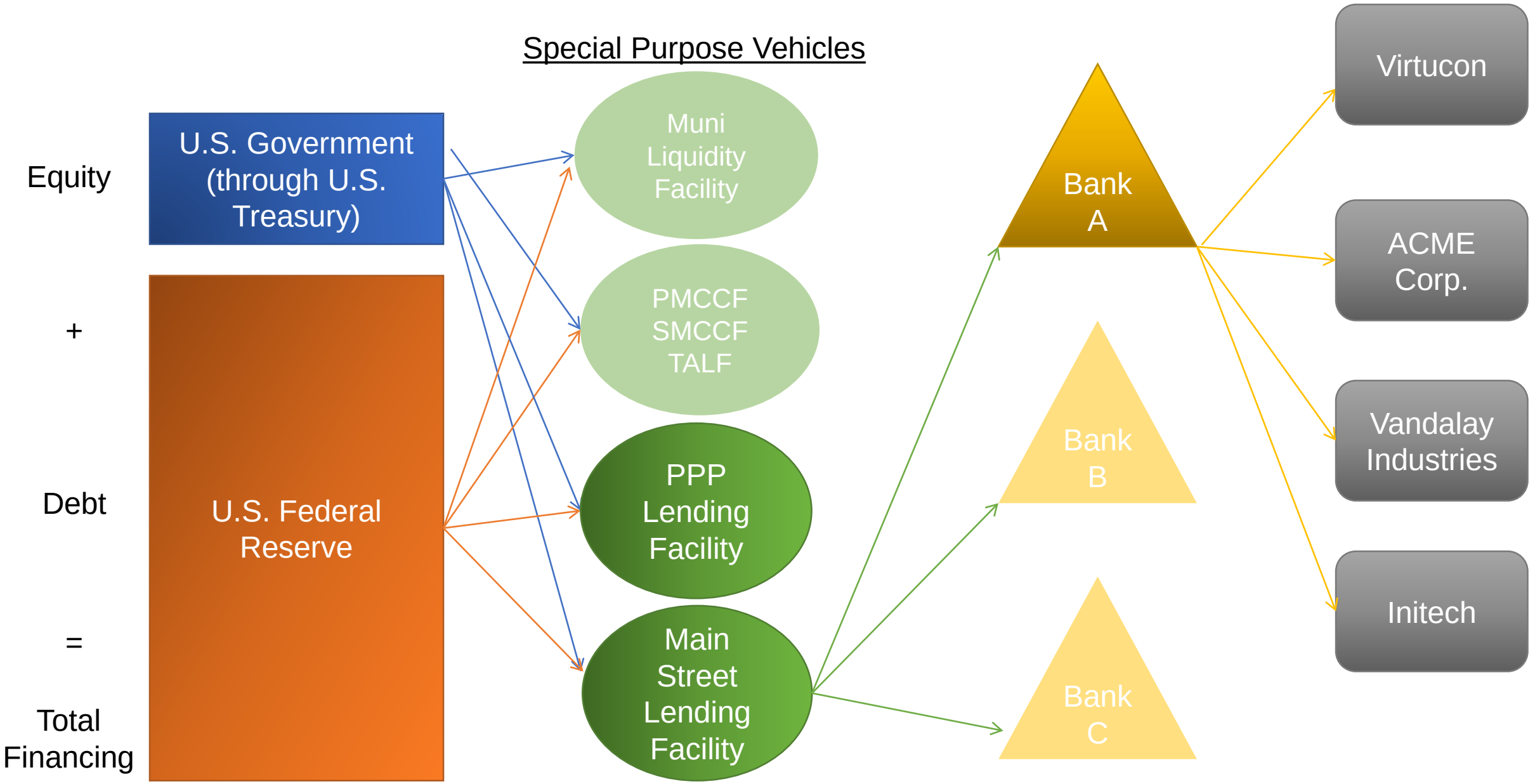
$220 BILLION INCREASE



(Source: Cornerstone Macro, Economic Research, 4/9/20)

rkl LLP
FOCUSED. ON YOU.

Exchange Stabilization Fund (ESF)



PPP Lending Facility

- Fed will lend to eligible borrowers on a non-recourse basis, taking PPP loans guaranteed by SBA as collateral
- **Size:** Currently $350 billion, but this may be expanded
- **Eligible borrowers:** All depository institutions that originate PPP loans
- **Rate:** 35 basis points
- **Fees:** No fees to participate in the facility
- **Essentially the Fed will take all the credit risk from PPP off the bank's balance sheets**

Main Street Expanded Loan Facility

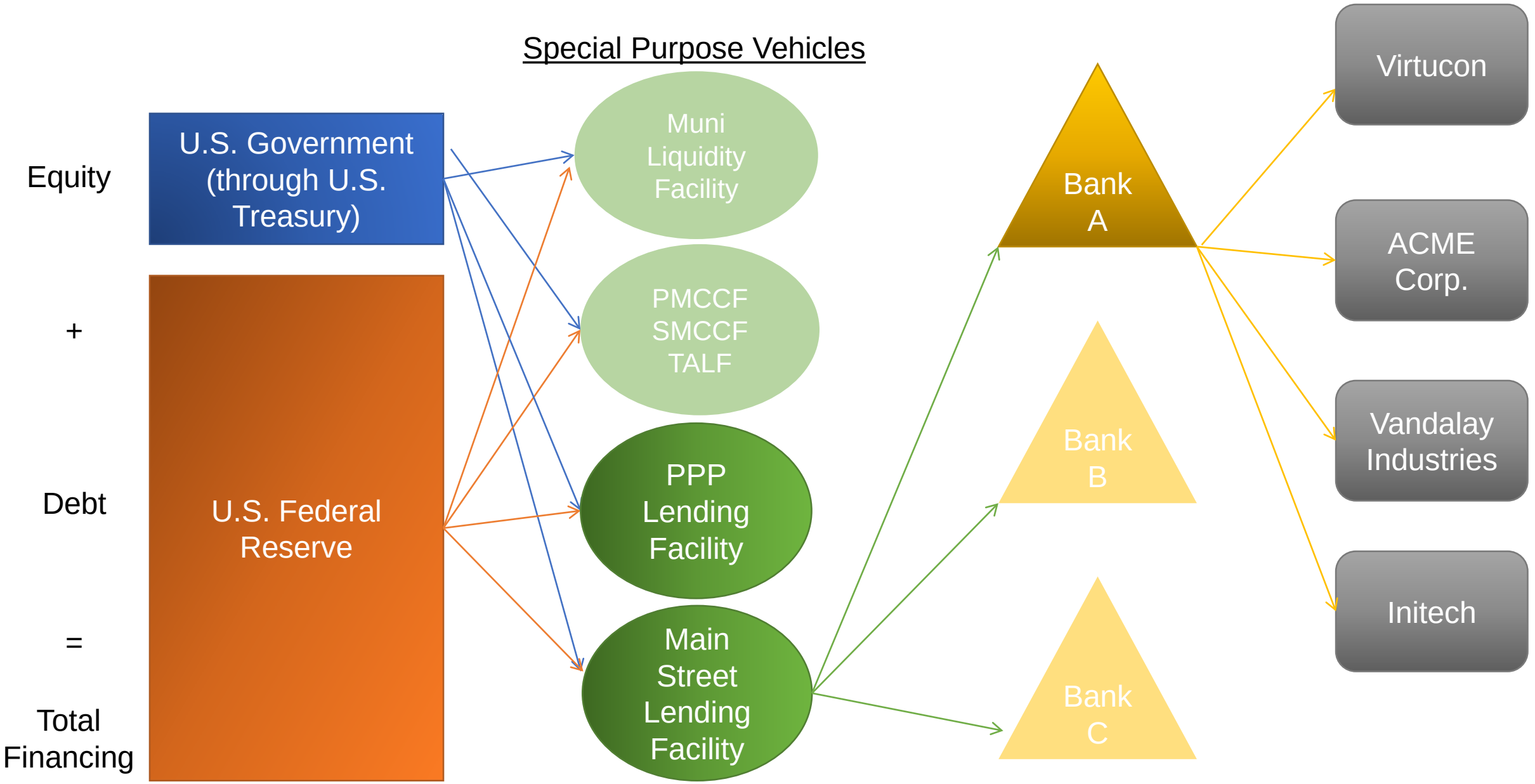
- Fed will lend to SPV on a recourse basis. SPV will purchase 95% of levered tranche of eligible loans from financial institutions. Lenders retain 5% max.

- **Size:** $600 billion of purchasing power: $75 billion of equity provided by U.S. Treasury with Fed lending provides leverage for up to $600 billion.

- Geared toward healthy businesses. Based on the loan terms, this is not as advantageous as a PPP or EIDL for businesses that are eligible for those loans.

- **A key goal of this facility is to keep bank credit flowing by clearing up space on bank balance sheets**

Exchange Stabilization Fund (ESF)



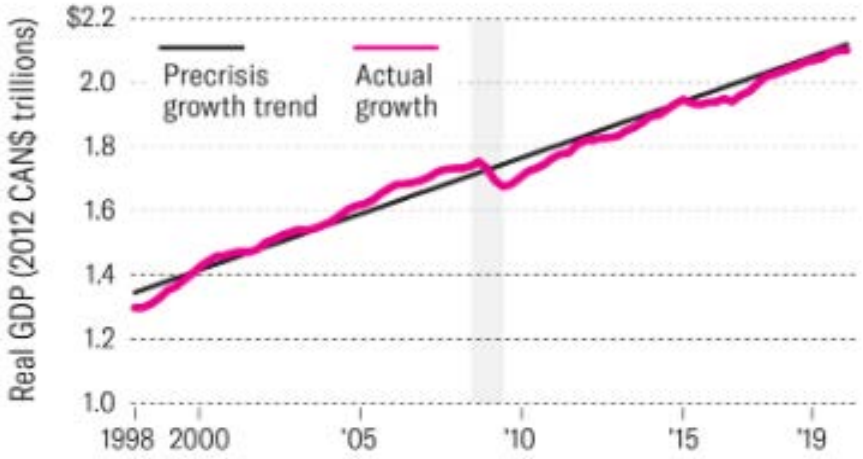
Monetary & Fiscal Stimulus

Global Monetary And Fiscal Stimulus To Fight COVID-19 Impact 2020 Feb to Apr						
	Central Bank Liquidity Injection		Govt Fiscal Stimulus		Central Bank Liquidity Injection and Govt Fiscal Stimulus	
	$ Tln	% GDP	$ Tln	% GDP	$ Tln	% GDP
U.S.	$4.80	22.4%	$2.71	12.7%	$7.51	35.0%
Eurozone	$1.10	8.3%	$0.80	6.0%	$1.90	14.3%
Japan	$0.20	3.9%	$0.99	19.2%	$1.19	23.1%
U.K.	$0.25	9.0%	$0.07	2.4%	$0.31	11.4%
China	$1.27	8.9%	$0.54	3.8%	$1.81	12.8%
Others*	$0.62		$1.66		$2.28	
Global	**$8.24**	**9.5%**	**$6.77**	**7.8%**	**$15.01**	**17.3%**

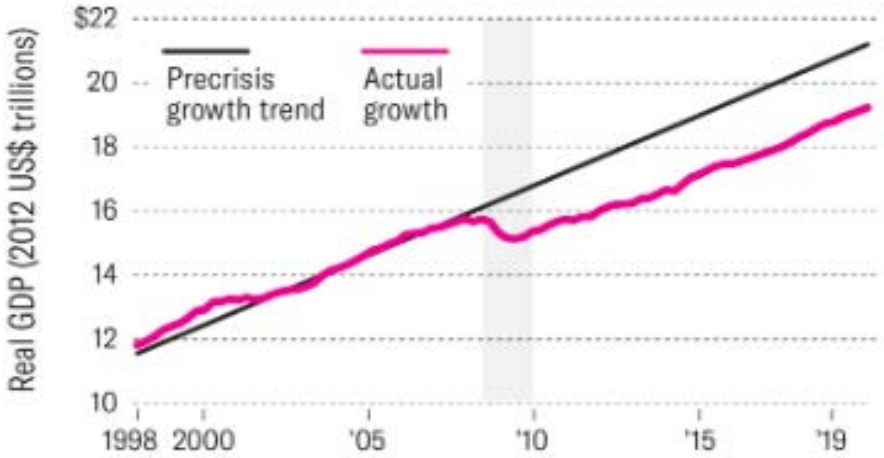
(Source: Cornerstone Macro, Economic Research, 4/9/20)

Shape of the Recovery ???

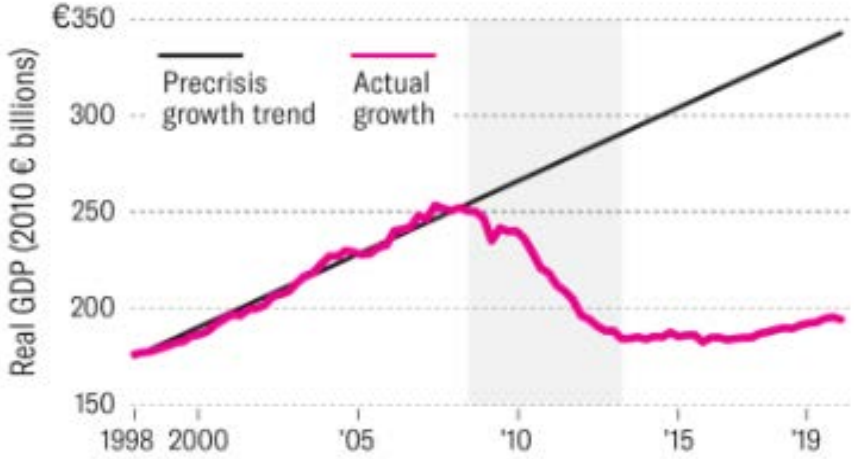
V-shaped (Canada)



U-shaped (United States)



L-shaped (Greece)



(Source: "Understanding the Economic Shock of Coronavirus," Harvard Business Review, 3/27/20)

rkl LLP
FOCUSED. ON YOU.

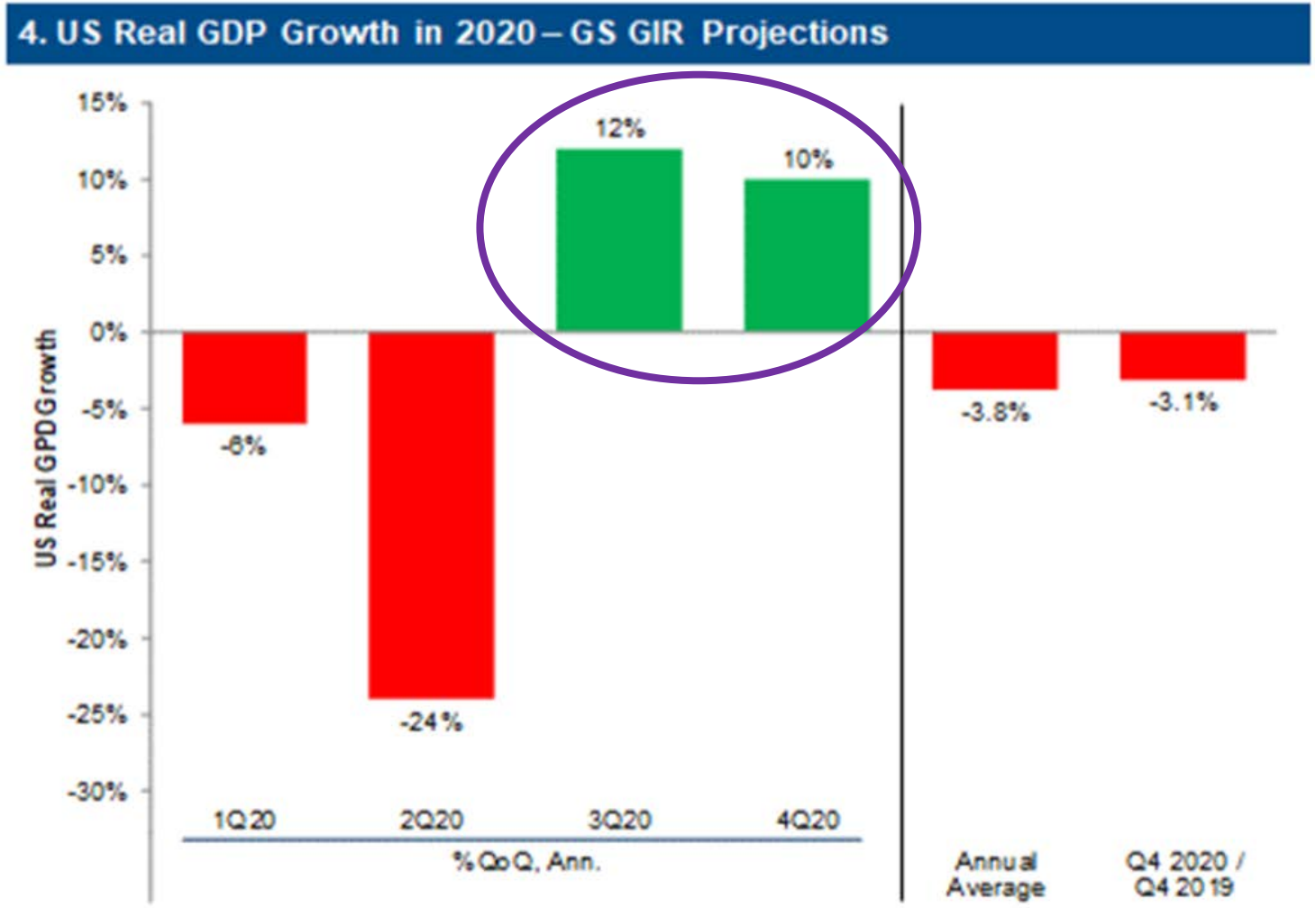
U.S. Economy

	U.S. Real GDP Q/Q% A.R.		
	2Q e	3Q e	4Q e
GDP	-25.0%	-2.0%	3.0%
Consumer Spending	-30.0%	-2.0%	3.0%
Capex	-35.0%	-8.0%	3.9%
Res Investment	-30.0%	-2.0%	7.0%
Inventories*	-1.0 pp	0.0 pp	0.2 pp
Trade*	0.8 pp	0.0 pp	-0.3 pp
Govt Spending	8.0%	3.0%	1.7%

* Contribution in Pct. Pts.

(Source: Cornerstone Macro, Economic Research, 4/9/20)

U.S. Economy



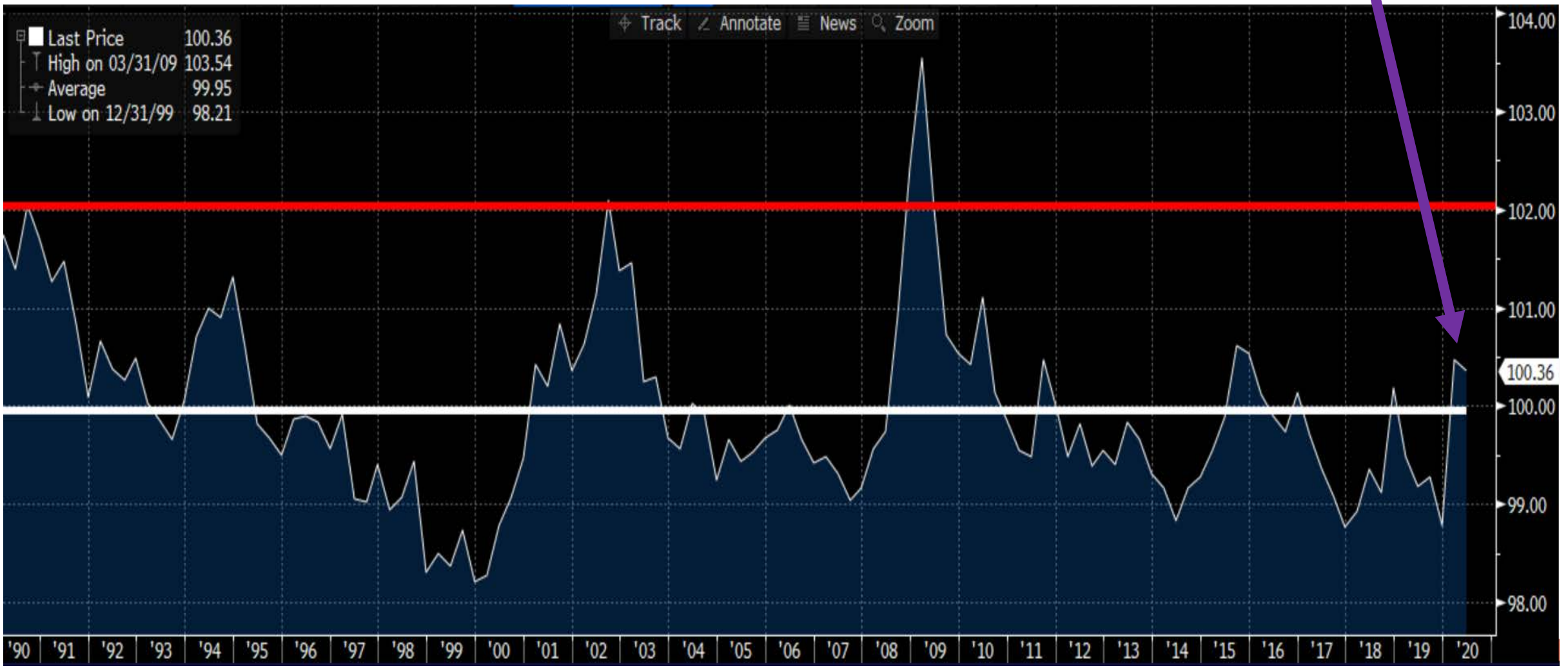
(Source: Goldman Sachs, Sunday Night Insight, 3/22/20)

FOCUSED. ON YOU.

U.S. Financial Conditions

(Source: Bloomberg, as of 4/9/20)

U.S. Financial Conditions



(Source: Bloomberg, as of 4/9/20)

Key Takeaways

- COVID-19 tracking IHME model now projecting peak in daily U.S. deaths on April 12
- U.S. economy will bottom out in 2Q
- U-shaped recovery with GDP returning to positive in 4Q
- Small business is key. Recovery will be asymmetric by industry group.
- Fiscal and monetary stimulus is unprecedented, but some programs will take longer to take effect than others
- Financial conditions to remain supportive

POLLING QUESTION

To be eligible for CPE, each polling question must be answered.

FOCUSED. ON YOU.

IMPLEMENTATION

COVID-19 TAX CREDITS

FOCUSED. ON YOU.

Interaction between FFCRA & CARES Act components

Credit/Deferral	Act	Size Requirements	Employer's Tax Credit/Deferral	Tax Credit Offset	Procedure
Emergency Paid Sick & Emergency Paid Family Leave Refundable Tax Credit	Families First Coronavirus Response Act (FFCRA)	Less than 500 employees Aggregation – FSLA & FMLA integrated & joint tests	100% of "Qualified Paid Sick & Family Leave Wages"	Employer portion of Social Security Tax (OR) Self Employed – Income Tax Refundable	Do not remit EE/ER Social Security & Medicare, Federal Withholdings in amounts equal to credit calculated
Employee Retention Tax Credit (ERTC)	Coronavirus Aid, Relief, and Economic Security Act (CARES)	Limitations when more than 100 employees	50% of the first $10,000 in qualified wages (including health plan expenses) paid to each employee commencing on March 13, 2020	Employer portion of Social Security Tax Refundable	Do not remit ER Social Security in amounts equal to credit calculated
Payroll Tax Deferral	Coronavirus Aid, Relief, and Economic Security Act (CARES)	Not applicable	Employer portion of Social Security Tax from 3/27/2020-12/31/2020	Not applicable	Defer payments now Remit 50% by 12/31/21 Remit remaining 50% by 12/31/22
Payroll Protection Program Loan	Coronavirus Aid, Relief, and Economic Security Act (CARES)	Less than 500 employees Affiliations under SBA	Not applicable	Not applicable	Apply through SBA lender

Credit Calculation & Application

XYZ Co. has 300 employees and 5 employees are eligible for paid leave through the Emergency Paid Family and Sick Leave provisions of the Families First Act effective April 1.

- Timing of payment
- Unpaid vs. paid time off
- Credit calculation and reporting on payroll return
  - Required paid leave

ERTC Credit Calculation & Application

XYZ Co. has 95 employees and has experienced a partial shutdown in its operations due to government orders related to COVID-19. 70 employees can no longer perform their job due to the shutdown; the other 20 are still working.

- Timing of payment
- Unpaid vs. paid time off
- Credit calculation and reporting on payroll return

- What would be different if XYZ Co. had 150 employees?
- What if the employer receives Work Opportunity Tax Credits?

Scenario 1A

Q: Beginning April 1, an employer with less than 500 employees has been **paying Emergency Family & Sick Leave** under Families First Act. They are applying for a **PPP loan** under the CARES Act. How do they calculate payroll costs in applying for PPP loan? Can they pay employees under FFCRA with PPP loan money and still be forgiven? Do they still get FFCRA refundable tax credits?

A: No, FFCRA paid leave will not count towards payroll costs when applying for a PPP loan. Additionally, PPP loan proceeds CANNOT be used to pay Emergency Family or Sick leave for which a tax credit is allowed.

Scenario 1B

Q: The same employer and fact pattern in 1A except instead of applying for a PPP loan they are considering the **Employee Tax Retention Credit (ERTC)** under the CARES Act. How do they calculate the credit for FFCRA and ERTC?

A: Any wages paid under FFCRA that are eligible for a refundable tax credit CANNOT be used in the calculation of the ERTC credit.

Scenario 2

Q: An employer with less than 500 employees wants to claim the **Employee Retention Tax Credit (ERTC)** under the CARES Act. They are also considering applying for a **PPP loan** under the CARES Act. Can they claim the ERTC? Will the PPP loan still be eligible for forgiveness if the payroll tax credits are claimed?

A: No, if any part of the PPP loan is forgiven, then the employer is not eligible for the ERTC. Treasury needs to issue guidance regarding how credits taken prior to receiving a PPP loan will be treated. Taking the credit may impact the amount of forgiveness or their may be a method of repayment of the credit but given the current lack of guidance, this is still unclear.

Scenario 3

Q: An employer with less than 500 employees wants to **defer employer social security** (6.2% payroll tax) remittance under the CARES Act. They also applied for a **PPP loan** under the CARES Act. Can they defer payroll taxes related to wages paid with PPP funds? Will the PPP loan still be eligible for forgiveness if payroll taxes are deferred?

A: No, if any part of the PPP loan is forgiven, then the employer is not eligible for deferral program. Treasury needs to issue guidance regarding how deferred payments prior to receiving a PPP loan will be treated.

POLLING QUESTION

FOCUSED. ON YOU.

Resources and Help from RKL

- Visit our **Coronavirus Resource Center** at rklcpa.com for the latest resources and insights.
- Need help with **loan application process**? RKL clients should visit RKL's Coronavirus Resource Center and click on the "loan application assistance" link and we'll be in touch.
- Tap into our experts for **specialized support** with issues such as cash flow and other financial modeling, remote cybersecurity assessments, workforce planning and HR compliance support, operations and business process redesign and more. RKL clients should reach out to their RKL advisors. If you're a non-client interested in our services, please contact Scott Kimmel at skimmel@rklcpa.com.
- We're also launching a program called the **Adapt Business Sustainability Program** that provides the highest level of triaged support to your organization based on a 60-day action plan. Contact Scott Kimmel for more information at skimmel@rklcpa.com.

rkl LLP
FOCUSED. ON YOU.

THANK YOU FOR PARTICIPATING

Questions? Contact today's presenters:

- slsmith@RKLcpa.com
- nboyer@rklwealth.com
- ralexander@RKLcpa.com

DISCLAIMER: The presenters and RKL LLP and its subsidiaries/affiliates are not held responsible for information that has changed or will change and makes no representation or warranty as to the ongoing accuracy of the information presented orally or in writing. Attendees should consult with legal, accounting and other advisors.

rkl LLP
FOCUSED. ON YOU.