

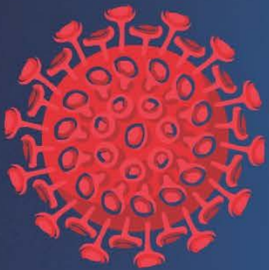
WEEKLY WEBINAR SERIES

# CORONAVIRUS

& its impact on people, process & profits

SESSION THREE

April 3, 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](http://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 all 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, Ryan Hurst and Stephane Smith, 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.*

# > Meet Your Team



**ERIC WENGER, CPA, MST** | *Partner, Tax Services Group*

Eric serves as Managing Partner of the Lancaster Office and as Chairman of the RKL Board of Directors. Throughout his more than two decades in public accounting, Eric has enjoyed the ongoing challenge of applying evolving tax and financial regulations for the benefit of his clients. As Partner in RKL's Tax Services Group, he primarily advises closely held and family owned companies regarding tax and general business matters, including succession planning.

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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.

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# ➤ Outline for Today's Presentation

- CARES Act: Paycheck Protection Program (PPP)
- PPP Loan Forgiveness
- Timing of Tax Filing and Payment Deadlines
- Section 139 Disaster Relief Payments
- Human Resources FAQs

# POLLING QUESTION

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

## ➤ Formula for a Virtual Stampede at the Bank Today

*m. Is the PPP “first-come, first-served?”*

Yes.



# CARES ACT: PAYCHECK PROTECTION PROGRAM (PPP)

## > What is it?

- Program goals include:
  - Keep businesses afloat during the next few months
  - Stabilize employment and wage levels
  - Provide continuity between pre- and post-shutdown
  - Reduce the strain on the unemployment system

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The government needs to rapidly deploy significant liquidity into the small business system to stabilize this segment of the economy. The banking system is the largest and broadest distribution channel to do so.

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# > Am I eligible for PPP?

- Size criteria:
  - 500 or fewer total employees OR
  - Meets SBA industry level criteria (<https://www.sba.gov/document/support--table-size-standards>)
    - Employees do not include independent contractors
  - Business affiliates must be aggregated for the size criteria
    - Exception – accommodations, food service, franchises on a per physical location basis
    - What about PEGs?
- Need criteria
  - Applicant must certify that current economic uncertainty makes the loan necessary to support ongoing operations
- 501(c)(3), 501(c)(19) and Tribal business concerns are eligible
- “First-come, first-served” treatment

## ➤ How does PPP work?

- Structured as forgivable loan (so it could effectively become a grant)
- Loan amount based on 2.5x average monthly payroll costs from 2019\* (capped at \$10 million)
- Loan forgiveness based on 8 weeks of payments for eligible purposes immediately post-funding
  - Eligible purposes discussed later
  - Forgiveness capped at principal amount of loan
- Term = 2 years
- Rate = 1.00%
- No payments due first 6 months (interest accrues during that time period)
- Interest on loan forgiven if loan is forgiven
- No collateral or guarantee requirements
- No prepayment penalties
- Loans are 100% guaranteed by the SBA

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### Our take ➤

If you use for permitted purposes, much if not all is forgiven.

If you take the money and don't use it for those purposes, you have a cheap 2-year loan.

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\* There is still conflicting information in the 4/2/2020 update.

## ➤ What are payroll costs?

- Salary, wages, commissions or tips (capped at \$100,000 annually for each employee); **PLUS**
- Payment for vacation, parental, family, medical or sick leave; **PLUS**
- Allowance for separation or dismissal; **PLUS**
- Payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums and retirement; **PLUS**
- Payment of state and local taxes assessed on compensation of employees; **PLUS**
- For an independent contractor or sole proprietor: wage, commissions, income or net earnings from self-employment or similar compensation
- **EXCLUDES**
  - Amount of compensation in excess of \$100,000
  - Employee income tax withholdings and FICA taxes (both employer and employees), but only for 2/15/2020 through 6/30/2020
  - Compensation of employees with a principal residence outside the United States
  - Qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of FFCRA
  - Independent contractors (1099-MISC)

# ➤ How do I apply?

- Through banks, SBA lenders, credit unions, farm credit system institutions
- Banks accepting applications
- **April 3** – Small businesses and sole proprietorships
- **April 10** – Independent contractors and self-employed individuals
- Accountants can help as agents



<b>Check One:</b> <input type="checkbox"/> Sole proprietor <input type="checkbox"/> Partnership <input type="checkbox"/> C-Corp <input type="checkbox"/> S-Corp <input type="checkbox"/> LLC <input type="checkbox"/> Independent contractor <input type="checkbox"/> Eligible self-employed individual <input type="checkbox"/> 501(c)(3) nonprofit <input type="checkbox"/> 501(c)(19) veterans organization <input type="checkbox"/> Tribal business (sec. 31(b)(2)(C) of Small Business Act) <input type="checkbox"/> Other		<b>DBA or Tradename if Applicable</b>	
<b>Business Legal Name</b>			
<b>Business Address</b>		<b>Business TIN (EIN, SSN)</b>	<b>Business Phone</b> ( ) -
<b>Primary Contact</b>		<b>Email Address</b>	

<b>Average Monthly Payroll:</b> \$	x 2.5 + EIDL, Net of Advance (if Applicable) Equals Loan Request	\$	<b>Number of Employees:</b>
<b>Purpose of the loan (select more than one):</b>			
<input type="checkbox"/> Payroll <input type="checkbox"/> Lease / Mortgage Interest <input type="checkbox"/> Utilities <input type="checkbox"/> Other (explain): _____			

**Applicant Ownership**

List all owners of 20% or more of the equity of the Applicant. Attach a separate sheet if necessary.

Owner Name	Title	Ownership %	TIN (EIN, SSN)	Address

*If questions (1) or (2) below are answered "Yes," the loan will not be approved.*

Question	Yes	No
1. Is the Applicant or any owner of the Applicant presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy?	<input type="checkbox"/>	<input type="checkbox"/>
2. Has the Applicant, any owner of the Applicant, or any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted in the last 7 years and caused a loss to the government?	<input type="checkbox"/>	<input type="checkbox"/>
3. Is the Applicant or any owner of the Applicant an owner of any other business, or have common management with, any other business? If yes, list all such businesses and describe the relationship on a separate sheet identified as addendum A.	<input type="checkbox"/>	<input type="checkbox"/>
4. Has the Applicant received an SBA Economic Injury Disaster Loan between January 31, 2020 and April 3, 2020? If yes, provide details on a separate sheet identified as addendum B.	<input type="checkbox"/>	<input type="checkbox"/>

*If questions (5) or (6) are answered "Yes," the loan will not be approved.*

Question	Yes	No
5. Is the Applicant (if an individual) or any individual owning 20% or more of the equity of the Applicant subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction, or presently incarcerated, or on probation or parole? Initial here to confirm your response to question 5 → _____	<input type="checkbox"/>	<input type="checkbox"/>
6. Within the last 5 years, for any felony, has the Applicant (if an individual) or any owner of the Applicant 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; 4) been placed on pretrial diversion; or 5) been placed on any form of parole or probation (including probation before judgment)? Initial here to confirm your response to question 6 → _____	<input type="checkbox"/>	<input type="checkbox"/>
7. Is the United States the principal place of residence for all employees of the Applicant included in the Applicant's payroll calculation above?	<input type="checkbox"/>	<input type="checkbox"/>
8. Is the Applicant a franchise that is listed in the SBA's Franchise Directory?	<input type="checkbox"/>	<input type="checkbox"/>

## ➤ How should I prepare?

- 2019 IRS Quarterly 940, 941 or 944 payroll tax reports
- Monthly Payroll Reports for 2019, detail including:
  - Gross wages for each employee, including the officer(s) if paid W-2 wages
  - Paid time off for each employee
  - Vacation pay for each employee
  - Family medical leave pay for each employee
  - State and local taxes assessed on employee's compensation for each employee
- 1099s for 2019 for independent contractors that would otherwise be an employee of your business
  - Do NOT include 1099s for services
- Documentation showing total of all health insurance premiums paid by company owner under a group health plan
  - Include all employees and the company owners
- Debt schedule for operating business
- Document the sum of all retirement plan funding that was paid by the company owner (do not include funding that came from the employees out of their paycheck deferrals)
  - Include all employees, including company owners
  - 401K plans, Simple IRA, SEP IRAs
- Business entity documentation (e.g. Operating Agreement, Certificate of Organization, Bylaws, Articles of Incorporation)
- 2017, 2018 & 2019 business tax returns if applicable
  - 2019 internal financial statements if 2019 tax return is not filed
- 2020 interim financial statements (balance sheet, income statement, accounts receivable aging and accounts payable aging)
- Copy of driver's license for signers of business (this is likely for 20%+ owners)
- List of owners of the business if not included in tax return

# POLLING QUESTION

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

PAYCHECK PROTECTION PROGRAM

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# LOAN FORGIVENESS

# ➤ PPP Loan Forgiveness (Section 1106 of CARES Act)

- If loan is used for intended purposes, the first 8 weeks worth of certain payments will be forgiven on a tax-free basis – which ones?
  - Payroll costs (you can re-hire employees)
  - Mortgage interest on loan (originated prior to 2/15/2020)
  - Rent for lease (in force prior to 2/15/2020)
  - Certain utilities (service started prior to 2/15/2020)
  - Interest payments on any debt obligations (incurred before 2/15/2020)
  - Refinancing an SBA EIDL made between 1/31/2020 and 4/3/2020
- Non-payroll eligible costs cannot exceed 25% of total eligible costs incurred
- Forgiveness amount reduced if:
  - Reduce full-time equivalent employee headcount
  - Reduce salaries during 8-week period as compared to historical



## > PPP Loan Forgiveness Example

- XYZ Co. had \$12 million of total payroll costs (including benefits, etc.) for the period January 1, 2019 through December 31, 2019.
- XYZ Co.'s average monthly payroll costs were \$1,000,000.
- XYZ Co. is eligible for a PPP Loan **equal to the lesser of \$2,500,000 (2 ½ months) or \$10 million.**
- In first 8 weeks after borrowing \$2,500,000, XYZ Co. incurs payroll costs, mortgage interest and utilities of \$2,200,000.
  - \$2,200,000 is *eligible* for forgiveness (before “haircut” tests).
  - \$300,000 loan is deferred for at least six months from loan disbursement date.

## ➤ PPP Loan Forgiveness Calculation

- Amount eligible for forgiveness is reduced by multiplying forgiveness amount by the quotient obtained by dividing:
  - The average number of full-time equivalent (FTE) employees of the borrower during the 8-week period from the date the loan originated, by either:
    - The average number of full-time employees per month from February 15, 2019 through June 30, 2019  
or...
    - The average number of full time employees per month from January 1, 2020 through February 29, 2020
- Seasonal employers have additional options

## ➤ PPP Loan Forgiveness Calculation Example

XYZ Co. had 240 full-time employees during the 8-week period after it borrows the \$2,500,000.

During the period February 15 through June 30, 2019, XYZ had 300 employees (60 more than now). For January 1, 2020 through February 29, 2020, XYZ also had 300 employees.

The loan forgiveness of \$2,200,000 (see prior example) must be reduced by  $60 \div 300 = 20\%$ .

Reduction of forgiveness equals \$440,000.

# ➤ PPP Loan Forgiveness Calculation

- **Amount eligible for forgiveness also reduced by:**
  - Total reduction in salary during 8-week period of an employee earning less than \$100,000 (on an annualized basis) by more than 25% when compared to the most recent quarter before the 8-week period began.

## Example:

- Jane Smith, an employee of XYZ Co. earned an annual salary of \$70,000 as of March 2020. After XYZ takes out the Paycheck Protection Loan, Jane's salary is reduced to \$40,000.
- This reduction is more than 25% of her wages. Therefore, the forgiveness amount of \$2,200,000 is reduced by another \$30,000.

## Recap:

\$2,500,000	Total borrowed
(300,000)	XYZ owes back because not enough qualified expenses
(440,000)	Reduction in FTEs
<u>( 30,000)</u>	Reduction in EE comp
\$1,730,000	Forgiven by government

# ➤ PPP Loan Forgiveness Restoration

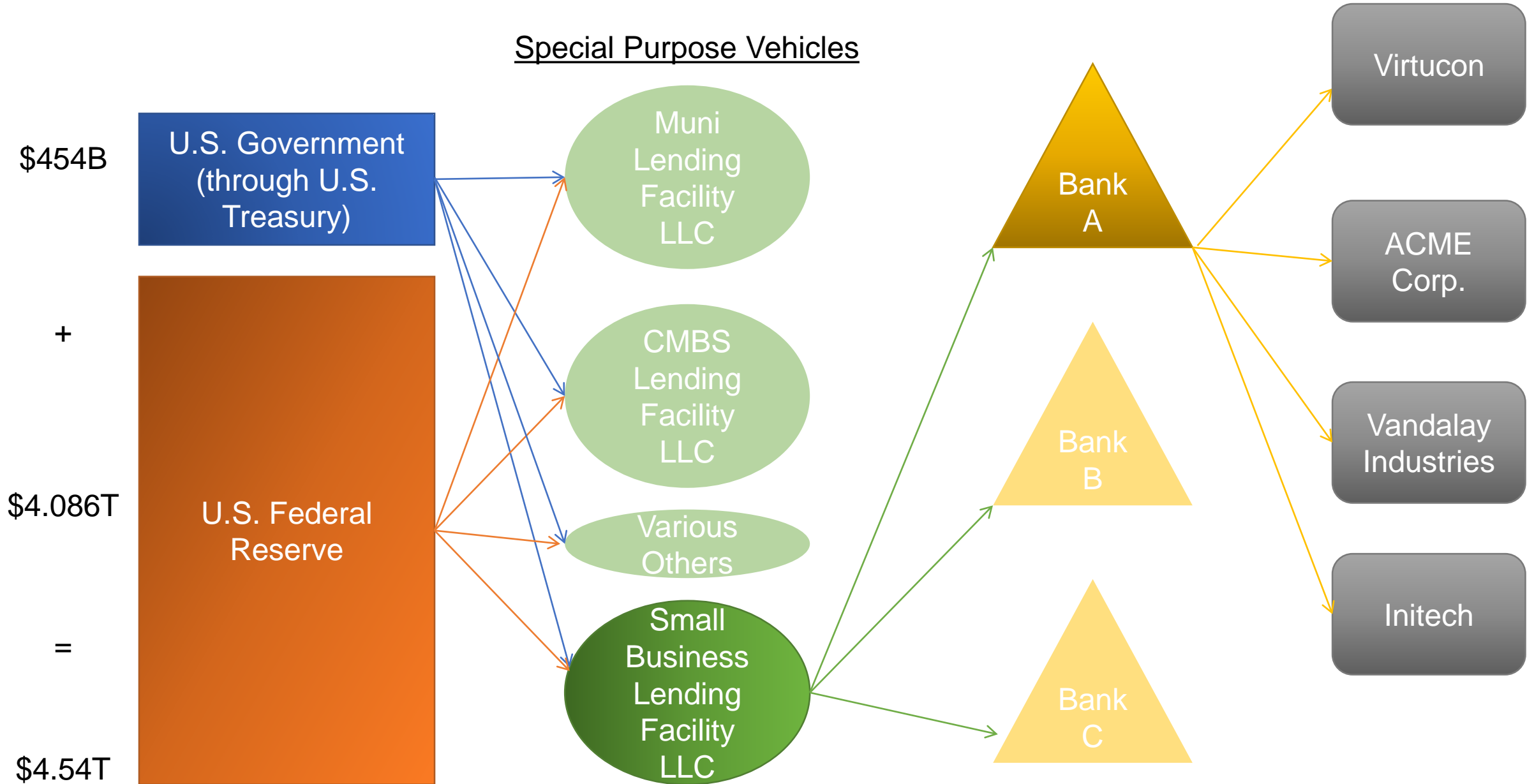
Full forgiveness MIGHT (pending further guidance) be allowed if:

- An employer replaces any full-time employees or restores any substantially reduced wages that occurred during the period from February 15, 2020 until 30 days after passage of the CARES Act, when compared to February 15, 2020.

Example:

- On February 15, 2020, ABC Co. had 40 employees before they were eventually reduced to 30 in April 2020.
- On February 15, 2020, ABC Co. paid Bob Smith a \$60,000 salary that was reduced to \$30,000 on April 1.
- Before June 30, 2020, ABC Co. rehires 10 employees and raises Bob's salary back to \$60,000. ABC Co. is once again entitled to 100% loan forgiveness.

# Exchange Stabilization Fund (ESF)



# TIMING OF TAX FILING AND PAYMENT DEADLINES

## ➤ Federal and PA Return Extended Due Dates

Entity	Federal Form	Original Federal Due Date	New Federal Due Date	PA Form	Original PA Due Date	New PA Due Date
Partnerships	1065	3/15/2020	3/15/2020	PA 20S/PA-65	4/15/2020	7/15/2020**
S Corporations	1120S	3/15/2020	3/15/2020	PA 20S/PA-65	4/15/2020	7/15/2020**
Corporations	1120	4/15/2020	7/15/2020	RCT-101	5/15/2020*	8/14/2020
Individuals	1040	4/15/2020	7/15/2020	PA-40 (and Local)	4/15/2020	7/15/2020
Trusts	1041	4/15/2020	7/15/2020	PA-41	4/15/2020	7/15/2020
Gift Tax	709	4/15/2020	7/15/2020	N/A	N/A	N/A
Foreign Bank Account Report	FinCEN114	10/15/2020	10/15/2020	N/A	N/A	N/A

All dates above are for calendar year filers.

\*Second quarter estimate still due 6/15/2020

\*\*Includes pass-through non-resident and corporate withholding



# SECTION 139 DISASTER RELIEF PAYMENTS

## ➤ Section 139: Disaster Relief Payments

- National emergency declaration issued for the coronavirus pandemic
- This declaration allowed the IRS to extend the federal tax deadline to July 15
  - Via Internal Revenue Code Section 7508A(a), which requires “federally declared disaster” pursuant to Code Section 165
- “Federally declared disaster” as defined in Section 165(i)(5)(A) also triggers Section 139

## ➤ Section 139: Disaster Relief Payments

- “Federally declared disaster” as defined in Section 165(i)(5)(A) also triggers Section 139
- Under Section 139, employers can make tax-free payments to reimburse or pay employees for the following reasonable and necessary expenses ***not otherwise covered by insurance:***
  - Personal, family, living or funeral expenses incurred as a result of a qualified disaster
  - Expenses incurred for the repair or rehabilitation of a personal residence or repair or replacement of its contents to the extent that the need for such repair, rehabilitation, or replacement is attributable to a qualified disaster
- Payments should be fully deductible to the employer under Section 162

## ➤ Section 139: Disaster Relief Payments

- Examples of **coronavirus-related expenses/costs** that employers could pay for employees on a tax-free basis and take deduction:
  - Medical expenses related to COVID-19 not compensated for by insurance
  - Other health-related expenses (i.e. over-the-counter medication or hand sanitizer)
  - Child care costs for employees whose normal source of child care is unavailable
  - Tutoring expenses for employees' children
  - Increased telecommuting costs such as computers, printers or supplies
  - Family member funeral expenses

## > Section 139: Disaster Relief Payments

- Which employees are covered?
  - Section 139 payments may be made to all employees, regardless of length of employment.
  - No cap on the amounts that can be paid to any individual employee or to all employees in the aggregate.
  - There is no reason that payments to a shareholder/employee of an S corporation shouldn't be eligible to receive tax-free payments.
  - No double-dipping: Employee cannot deduct any payments by the employer and excludable to the employee.
    - For example, if an employer pays the employee's out-of-pocket medical expenses, the employee cannot then deduct those amounts as medical expenses.

## ➤ Section 139: Disaster Relief Payments

- Does my company need a formal written plan to invoke Section 139?
  - Not required in the statute
  - No regulations interpreting Section 139
- Recommendation: Maintain supporting documentation for Section 139 payments
  - Start and end date of your Section 139 program
  - Description of every eligible employee class
  - List of expenses eligible for reimbursement or payment
  - Description of reimbursement/payment method (is application needed?)
  - Statement of any limits you will impose for individual payments or aggregate

# POLLING QUESTION

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

# HUMAN RESOURCES FAQS





# Families First Coronavirus Response Act

## The Employer's Payroll Cheat Sheet

FFCRA applies to public sector employers and private employers with fewer than 500 employees.

- Employers of health care providers or emergency responders may elect to exclude employees from leave eligibility.
- Small businesses with fewer than 50 employees may qualify for an exemption from the requirement to provide leave due to school closings or child care unavailability if the leave requirements would jeopardize the viability of the business.

Under the FFCRA, an employee qualifies for expanded family and medical leave if the employee is unable to work (or unable to telework) due to a need for leave because the employee:

1. is subject to a federal, state or local quarantine or isolation order related to COVID-19;
2. has been advised by a health care provider to self-quarantine related to COVID-19;
3. is experiencing COVID-19 symptoms and is seeking a medical diagnosis;
4. is caring for an individual subject to an order described in (1) or self-quarantine as described in (2);
5. is caring for a child whose school or place of care is closed (or child care provider is unavailable) for reasons related to COVID-19; or
6. is experiencing any other substantially-similar condition specified by the Secretary of Health and Human Services, in consultation with the Secretaries of Labor and Treasury.

Under the FFCRA, the first ten (10) days of the expanded FMLA are unpaid. Employees may supplement this 10-day waiting period with the Emergency Paid Sick Leave (also provided under the FFCRA) or other company paid leave benefits. Employers must visibly display and/or distribute this [notice of employee rights](#).

### Schedule of Expanded FMLA Leave if Employee Uses the Emergency Paid Sick Leave During the 10-day Waiting Period:

Employment Status	Leave needed for reason	Days covered	Payment Calculation	Cap on Wages Eligible for Tax Credit through December 31, 2020	Refundable Tax Credit Offsets
Employee	1,2,3	Days 1 to 10	100% of Regular Pay Rate FT = 2 weeks or 80 hours PT = typical # hours worked in 2 week period	\$511/day or \$5,110 in total	Covered employers qualify for dollar-for-dollar reimbursement through tax credits for all qualifying wages paid under the FFCRA.
Employee	4 or 6	Days 1 to 10	2/3 of Regular Pay Rate FT = 2 weeks or 80 hours PT = typical # hours worked in 2 week period	\$200/day or \$2,000 in total	Qualifying wages are those paid to an employee who takes leave under the Act for a qualifying reason, up to the appropriate per diem and aggregate payment caps.
Employee becomes eligible after 30 days of employment	5	Days 1 to 10	2/3 of Regular Pay Rate FT = 2 weeks or 80 hours PT = typical # hours worked in 2 week period	\$200/day or \$2,000 in total	Applicable tax credits include the employer portion of the Social Security and Medicare tax for all payments as well as amounts paid or incurred to maintain health insurance coverage.
Employee	1,2,3,4,5,6	Week 3 to 12 (50 days)	2/3 of Regular Pay Rate FT = 2 weeks or 80 hours PT = typical # hours worked in 2 week period	\$200/day or \$10,000 in total	



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# COVID-19 GUIDE

## Scenarios & Benefits AVAILABLE

SCENARIOS	Paid Leave if available through your employer	Paid Leave Families First Coronavirus Response Act	Expanded Unemployment Compensation	Workers' Compensation
	Contact your employer	Check your eligibility	Learn more	Learn more
1 Worker is quarantined. Business remains open.	✓	✓	✓	?
2 Employer closes or suspends operations.	?	✗	✓	✗
3 Employer reduces hours.	✓	✗	✓	✗
4 Worker is caring for a sick family member.	✓	✓	✓	✗
5 Worker chooses to remain home, though not infected and business remains open.	✓	✗	✗	✗
6 Worker stays home to care for child for whom they're the primary caregiver due to school/daycare closure + school/daycare is required for worker to work.	✓	✓	✓	✗
7 Other school employee (non-teacher) whose school is closed outside of normal seasonal closures.	✓	?	✓	✗
8 Teacher is home because school is closed outside of normal seasonal closures.	✓	?	?	✗
9 Healthcare Worker/first responder contracts COVID-19 at work.	✓	✗	✗	✓
10 Healthcare worker/first responder is under quarantine but does not have the virus.	✓	✓	✓	✗
11 Worker is an independent contractor (self-employed, gig worker, freelancer) and has lost income due COVID-19.	✗	?	✓	✗
12 Worker's unemployment recently ran out.	✗	✗	✓	✗



### EMPLOYER PAID LEAVE DISCLAIMER:

Please be advised that employer paid leave is subject to employer paid leave policy or employer UC benefit. The above is a general guide and does not constitute a contract for paid leave. Please contact your employer for their paid leave policy.

### UC DISCLAIMER:

Please be advised that the above information is intended to be an overview of the benefits and compensation under which an individual may be eligible for unemployment compensation benefits. It is not intended to be an advisory file. Each eligibility determination is fact specific and will be made on a case by case basis in accordance with the UC Unemployment Compensation Act.

### WC DISCLAIMER:

Please be advised that the above information is intended to be an overview of the benefits and compensation under which an individual may be eligible for workers' compensation benefits. It is not intended to be an advisory file. Each eligibility determination is fact specific and will be made on a case by case basis in accordance with the Workers' Compensation Act.

### GRAPHIC DISCLAIMER:

This graphic will be updated as additional information is available.



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

✓ YES  
✗ NO  
? MAYBE (ask by case)

UC.PA.GOV

[www.uc.pa.gov/COVID-19/Pages/default.aspx](http://www.uc.pa.gov/COVID-19/Pages/default.aspx)



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## ➤ Updated Guidance

Employers with fewer than 50 employees may be exempt from having to provide leave under the EPSLA and EFMLA under the following condition.

Based on the criteria provided by the Department of Labor, employers must thoroughly document that an authorized officer of the business has made a determination that:

- Either leave would result in financial obligations exceeding available revenue and cause the business to close
- The absence of the employee(s) requesting leave would cause substantial risk to the financial stability or operations of the business due to the specialized skills, knowledge of the business or responsibilities of those employee(s)
- There is an insufficient amount of employees who are qualified, willing and able to be available when and where needed to perform the duties of those who are requesting leave and their skills or services are required for the business to operate at a minimal capacity.

➤ **Q:** I have an employee who was on FMLA prior to April 1, does the emergency FMLA apply to this employee?

A: The employee is eligible for the 10 days of Emergency Paid Sick Leave regardless of past FMLA usage.

The eligibility for the expanded FMLA depends on how much leave the employee has already taken during the 12-month period as determined by the employer. Expanded FMLA time would count towards the employee's entitlement.

If the employee previously used 4 weeks of FMLA prior to the COVID-19 pandemic then they would be eligible for 8 weeks under the Expanded Family Medical Leave Act.

If the employee used 12 weeks of FLMA during the 12-month period then the employee would not be eligible to take additional leave under the EFMLA.

**NOTE:** If as the employer you only became covered under the FMLA on April 1, 2020, this example does not apply.

➤ **Q: My employer closed before the Families First Coronavirus Response Act took effect on April 1, do I still qualify for paid leave?**

A: No. The paid leave options under the FFCRA cannot be applied retroactively if your employer closed and stopped paying you due to lack of work prior to April 1, 2020. This is true regardless of whether they closed due to lack of business or due to a local, state or federal quarantine ordinance. However, you may be eligible for unemployment compensation.

The same is true if you requested leave and your employer closes on or after April 1, 2020 due to lack of business or due to a local, state or federal quarantine ordinance. Again, you may be eligible for unemployment compensation.

➤ **Q:** I own a medical practice. Who is considered to be a “health care provider” who may be exempt from the emergency paid sick leave and/or the EFMLA?

**A:** Under the FFCRA, a health care provider is anyone who is employed at any:

- Local health department or agency
- Doctor’s office
- Clinic
- Health care center
- Hospital
- Medical school
- Local health department or agency
- Nursing facility
- Retirement facility
- Nursing home
- Post-secondary educational Institution offering health care Instruction
- Home health care provider
- Any facility that performs laboratory or medical testing
- Pharmacy, or any similar institution, employer or entity

This includes any permanent or temporary institution, facility, location or site where medical services are provided that are similar to such institutions.

<https://www.dol.gov/agencies/whd/pandemic/ffcra-questions>

➤ **Q:** What do I do if I have to close my business after April 1, 2020 and I am paying for employees who are on paid sick leave or expanded FMLA?

**A:** As the employer you are required to pay your employees for any paid sick leave or expanded family medical leave benefits they are entitled to prior to closing your business. Once your business is closed, you are no longer expected to pay the employees under the FFRCA provision. They would at that time be eligible to file for unemployment compensation.

This is true regardless of whether you closed due to lack of business or due to a local, state or federal quarantine ordinance.

➤ **Q: When will owners, gig workers, self-employed be able to get PA unemployment?**

A: Those eligible under this provision should visit their state's unemployment insurance website for guidance.

The state of Pennsylvania is awaiting guidance from the federal government and will provide special instructions when the claim process becomes available.

They are currently asking those individuals who are eligible under the CARES Act to NOT file a claim through the existing online system or phone number.



## ➤ Resources and Help from RKL

- Visit our [Coronavirus Resource Center](https://www.rklcpa.com/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](mailto: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](mailto:skimmel@rklcpa.com).

# THANK YOU FOR PARTICIPATING

Questions? Contact today's presenters:

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