Hello,

There has been a lot of updates in regards to the COVID-19 virus that could affect your business. We summarized some of the programs that are available to you below.

- **Families First Coronavirus Response Act**
  - **Emergency Paid Sick Leave Act (EPSLA)**
    - Effective 4/1/2020
    - Applies to all employees with no eligibility period. Employer may not require employees to utilize existing sick leave policies in lieu of EPSLA benefits.
    - EPSLA provides that employers must pay an employee regular rate of pay for 80 hours over a two-week period subject to a maximum of $511 per day and 5,110 in total if the employee falls under any of the three:
      1. Employee is subject to a federal, state, or local quarantine or isolation order related to COVID-19.
      2. Employee has been advised by a health care provider to self-quarantine due to concerns related to COVID-19.
      3. Employee is experiencing symptoms of COVID-19 and seeking a medical diagnosis.
    - EPSLA provides that employers must pay an employee two-thirds of regular pay rate up to $200 per day ($2,000 in total) in sick leave for 80 hours over a two-week period under any of the three:
      4. Employee is caring for an individual who is subject to an order as described in (1) of the previous requirements or has been advised as described in (2) from above.
      5. Employee is caring for a son/daughter of such employee if the school or place of care of the son/daughter has been closed or the childcare provider of such son/daughter is unavailable due to COVID-19.
      6. The employee is experiencing any other substantially similar condition specified by the secretary of health and human services in consultation with the secretary of the treasury and the secretary of labor.
    - EPSLA applies to both full-time and part-time employees
      - Full-time employees are entitled to take up to 80 hours of leave.
      - Part-time employees are entitled to sick leave based on the average number of hours worked in a given two-week period.
EPSLA Credits
- Credit taken against employer’s portion of Social Security taxes.
- EPSLA credit is capped at $511/day for events 1-3 and $200/day for events 4-6.

Emergency Family and Medical Leave Expansion Act (EFMLEA)
- Minimum period of employment of 30 days
- Employee is unable to work or telework because the employee needs leave to care for son/daughter under the age of 18 whose school or place of care has closed or whose childcare provider is unavailable because of COVID-19.

Leave Amount
- First 10 days may consist of unpaid leave or other accrued leave.
- Employee may use EPSLA for first 10 days that would be normally unpaid.
- Rate of not less than two-thirds of regular pay and number hours employee would normally be scheduled work. Capped at $200 per day or $10,000 aggregate.
- Employer may claim 100% credit against employer’s share of payroll tax limited to two-thirds of regular pay up to $200 per day for a total of $10,000 per employee plus a pro rata share of the employer’s qualified health plan expenses.

Self-Employed
- Will also be equivalent credits for self-employed individuals. Presumed to be applied to 2020 Form 1040.

Paycheck Protection Program
- Applicant has uncertainty of current economic conditions to support ongoing operations and acknowledged that funds will be used to retain workers, maintain payroll, or make mortgage, lease, and utility payments.
- Loan in the amount of 2.5x the average total monthly payments by the applicant for payroll costs including wages, group health care benefits, retirement, state or local tax assessments. Does not include compensation in excess of $100,000 to individuals.
- Proceeds can be used for:
  - Payroll
  - Costs for continuation of group health
  - Mortgage payments
  - Rent
  - Utilities
- Max interest rate of 4% and payments can be deferred
- Loan can be forgiven if the costs are used for payroll costs, mortgage, rent, and utility payments and amounts forgiven are excluded from gross income for federal income tax.
- This program originates with your bank. Begin discussions with your lender.
**Temporary Expansion of the Small Business Administration’s Economic Injury Disaster Loans (EIDL)**

- The CARES Act temporarily expands eligibility for Economic Injury Disaster Loans (EIDL) administered by the SBA and provides an emergency advance of up to $10,000 to small businesses and private non-profits harmed by COVID-19. The advance will be available within 3 days of applying for an EIDL. To access the advance, you first apply for an EIDL and then request the advance. You will not have to repay the advance, even if your application for a loan is denied. The advance may be used to keep employees on payroll, to pay for sick leave, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent, and mortgage payments.
- Who is eligible? In addition to the entities that are currently eligible for SBA disaster loans (small businesses, private non-profits, and small agriculture cooperatives), eligibility is temporarily expanded to include:
  - Business entities with 500 or fewer employees;
  - Sole proprietorships, with or without employees
  - Independent contractors
  - Cooperatives and employee owned businesses
  - Tribal small businesses
  - Private non-profits of any size
- You must have been in business as of January 31, 2020. Expanded eligibility criteria and the emergency advance are only available between January 31, 2020 and December 31, 2020.
- How do I apply?
  - You can apply for an EIDL online with the SBA.
- Can I apply for other SBA loan programs?
  - If you apply for an EIDL and the advance, you can still apply for a Paycheck Protection Program loan. However, the amount forgiven under a Paycheck Protection loan will be decreased by the $10,000 advance.

**Employee Retention Credit**

- If business had more than 100 employees, wages are limited to only wages paid by the employer during the quarter for the period of time when the business was shut down.
- If business had fewer than 100 employees, the qualified wages include wages paid when shut down but also wages paid during each quarter when there was a sharp decline in year-over-year wages defined later.
- Eligibility
  - Business operations fully or partially suspended during any quarter of 2020 due to orders from a government authority.
  - Business remained open but experienced a year-over-year reduction in gross receipts of at least 50 percent. Business is entitled to a credit for each quarter until gross receipts for a quarter exceed 80 percent of receipts form same quarter in 2019.
- Credit Amount
  - 50% of qualified wages up to $10,000 paid to each employee
• **Delay of Employer Payroll Taxes**
  
  - Postpones the due dates for employer’s share of 6.2% Social Security and Railroad Retirement. The amounts are payable over the next two years with 50% due December 31, 2021 and remaining 50% due December 31, 2022.

• **State Unemployment**
  
  - State unemployment will not use COVID data to compute future unemployment rates
  - State unemployment reporting and payment has been extended.

If you have any questions, please contact Daniel at (701) 642-8146 or by email daniel@julsoncpa.com.

Thanks,

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