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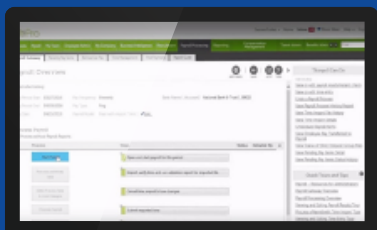
FAMILIES FIRST CORONAVIRUS RESPONSE ACT (FFCRA) & CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT

The world of HR, payroll, and talent management is constantly and rapidly changing.

Taking care of your people doesn't involve a lot of downtime, and sometimes even important issues can slip through the cracks. That's why our experts are constantly monitoring the headlines for anything that can help. This ongoing series spotlights key topics that may be relevant to your organization, along with tips and solutions that can empower human capital management professionals in their day-to-day role putting

people first.

UltiPro® Users:



Ultimate Software's compliance team is constantly monitoring the headlines for new legislation that will impact your HR and payroll teams. UltiPro has already added earnings tax categories and new business intelligence (BI) reports to help identify and process payments for emergency family leave and emergency sick leave, and will continue evolving to assist employers during the response to COVID-19.

For more information, visit www.ultimatesoftware.com.

COVID-19, also known as the novel coronavirus, has spread countrywide since first appearing in the United States in late January. Since then, infections and deaths have soared rapidly, causing a multifaceted crisis for employers of all sizes across the country. Thousands of employees (many with little or no paid sick leave) have fallen ill, requiring time off to stay at home to recover or worse, check in to the hospital. With countless schools and child care facilities closed, parents have also had to take time off to care for their children at home. The effects of the virus have been harsh on both sides of payroll. To provide economic relief for individuals and businesses, the government has passed two laws—the Families First Coronavirus Response Act (FFCRA) and the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Read on to find out how these two acts can help your business and employees.

FAMILIES FIRST CORONAVIRUS RESPONSE ACT

The Families First Coronavirus Response Act (FFCRA), passed on March 18, 2020, provides a variety of benefits, primarily regarding paid leave for workers directly affected by the coronavirus. The law's provisions, which apply to employers with less than 500 employees, offer benefits that are effective April 1, 2020 with an end date of December 31, 2020.¹

Below are [key points of the FFCRA](#) :²

- **Paid sick leave**—Employees can receive up to 80 hours of paid sick leave at 100% of their regular pay when they are unable to work due to reasons directly related to COVID-19, i.e., having symptoms, in quarantine, or being tested. The paid leave also applies to employees who are caring for quarantined individuals or for children whose schools are closed/child care providers are unavailable due to COVID-19. However, this category is eligible for 2/3 the employee's pay.
- **Leave credit**—Small and midsize companies will benefit from tax credits to assist in recovering the cost of providing coronavirus-related leave. For sick employees, employers may receive a refundable sick leave credit at the employee's regular rate of pay, up to \$511 per day for a total of 10 days. For employees taking care of someone with coronavirus or caring for a child due to school closure or coronavirus-related unavailability of a child care provider, employers may claim a credit for 2/3 of the employee's regular rate of pay, up to \$200 per day for up to 10 days. A further child care leave credit of 1/3 of the employee's regular pay (\$200 per day maximum) will be available for employees who can't work because they are caring for a child whose school or child care facility is closed or whose child care provider is unavailable due to the coronavirus. Up to 10 weeks of qualifying leave can be counted toward the child care leave credit.
- **Making compliance easy**—Rather than deposit to the Internal Revenue Service (IRS), businesses can retain and access funds that they would otherwise pay to the IRS in payroll taxes, such as federal income taxes, and Social Security and Medicare taxes, including the share from both employee and employer. If those amounts don't sufficiently cover the cost of paid leave and child care leave, employers can request an accelerated advance from the IRS. The IRS commits to reimbursing companies quickly.
- **Protecting small businesses**—To safeguard businesses with less than 50 employees, the FFCRA provides exemption from the requirements to provide paid leave to care for a child whose school or child care facility is closed, or if child care is unavailable. This applies to cases in which the paid leave may jeopardize the viability of the business.

For more detailed information on the FFCRA, [visit the Department of Labor website](#) which features fact sheets, Q&A (which can answer many of your questions), posters, a field assistance bulletin, and a webinar. [Visit the IRS website](#) for complete descriptions on paid sick and family leave.

CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT

The Coronavirus Aid, Relief, and Economic Security (CARES) Act is a \$2 trillion economic stimulus bill that was signed into law on March 27, 2020. It aims to provide relief for individuals and businesses impacted by COVID-19. The [provisions of the law are as follows](#).³

- Unemployment insurance
- CARES Act financial assistance
- Union neutrality requirements attached to loans
- Business tax benefits
- Retirement/pensions
- Individual rebates

Additionally, the CARES Act makes changes to paid leave provisions in the FFCRA that employers should pay close attention to:⁴

- **Employers may exceed the dollar limits for paid leave**—Although not required, employers may provide additional payments to employees beyond the monetary limits in the FFCRA. However, additional compensation is not subject to a tax credit.
- **Rehired employees are eligible for paid leave under the Family and Medical Leave Act (FMLA)**—Rehired employees (laid off on March 1, 2020 or after and employed for at least 30 of the last 60 calendar days before layoff) can access paid leave under the FMLA immediately upon rehire, but only until December 31, 2020.
- **Reimbursements for federal contractors**—Until September 30, 2020, federal agencies can refund federal contractors for paid leave (subject to limitations) provided by the contractor to keep employees or subcontractors ready to work if a contractor's employees or subcontractors cannot work at their site or telecommute.
- **Tax credit advances for paid sick and paid FMLA Leave**—Employers must bear the cost of paid sick and paid FMLA leave and then receive repayment from the IRS as a tax credit. Under the CARES Act, employers can request early payment of expected tax credits and refunds.

PAYROLL RELIEF FOR EMPLOYERS UNDER THE CARES ACT

Paycheck Protection Program

Small businesses with less than 500 employees are eligible for the Paycheck Protection Program which provides monies to pay up to 8 weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities. Fully Forgiven Funds are loans that will be fully forgiven when used to cover payroll costs, interest on mortgages, rent, and utilities. Loan payments will be deferred for 6 months. To qualify for forgiveness, employers must retain employees or quickly rehire them, and maintain salary levels.⁵

Employee Retention Credit

In addition to the payroll tax credit provided under the FFCRA, qualified employers can receive a refundable credit against the employer share of employment tax (Social Security and Railroad Retirement) equal to a limit of 50 percent of qualified wages paid after March 12, 2020 until December 31, 2020 for each employee. The total wages for an employee is capped at \$10,000 (including health benefits), with a maximum credit of \$5,000 per employee.⁶

Payroll Tax Delay

Employers and self-employed individuals can delay depositing their share of federal Social Security tax on employees' wages paid from the date of enactment until December 31, 2020. Employers may deposit ½ of the deferred taxes by December 31, 2021, and the remaining ½ by December 31, 2022.⁶

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