

KNOWLEDGE EXCHANGE PARTNER

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The COVID-19 Relief Package: Implications for Northeast Farming, Fishing and Forest Products

The COVID-19 public health crisis has had far-reaching impacts in just a short time for Northeast producers.

In response to the severe economic disruption as a result of the crisis, Congress passed several pieces of legislation with important impacts for farmers. Here are a few of the more significant items.

Federal Tax Deadline Delayed

The deadlines to file and pay federal income taxes without extension have been extended to July 15, 2020. Many states have enacted similar postponements.

Paid Leave for Workers / Families First Coronavirus Response Act

For COVID-19 related reasons, employees may receive up to 80 hours of paid sick leave and expanded paid child care leave when employees' children's schools are closed or child care providers are unavailable.

Employers with fewer than 50 employees are eligible for an exemption from the requirements to provide leave to care for a child whose school or child care options are closed, in cases where the viability of the business is threatened. The U.S. Department of Labor will provide emergency guidance and rulemaking as soon as possible to clearly articulate this standard.

Please see the “Employee Rights Under Coronavirus Response Act” posters (English and Spanish) for details on employee eligibility for leave. These should be posted where other employment posters are displayed. Learn more at FarmCreditEast.com/ResourceHub.

Reimbursement for Employers with fewer than 500 employees

For an employee who is unable to work because of Coronavirus quarantine or self-quarantine or has Coronavirus symptoms and is seeking a medical diagnosis, eligible employers may receive a refundable sick leave credit for sick leave at the employee's regular rate of pay, up to \$511 per day and \$5,110 in the aggregate, for a total of 10 days.

For an employee who is caring for someone with Coronavirus, or is caring for a child because the child's school or child care facility is closed, or the child care provider is unavailable due to the Coronavirus, eligible employers may claim a credit for two-thirds of the employee's regular rate of pay, up to \$200 per day and \$2,000 in the aggregate, for up to 10 days. Eligible employers are entitled to an additional tax credit based on costs to maintain health insurance coverage for the eligible employee during the leave period.

In addition to the sick leave credit, for an employee who is unable to work because of the need to care for a child whose school or child care facility is closed or whose child care provider is unavailable due to the Coronavirus, eligible employers may receive a refundable child care leave credit. This credit is equal to two-thirds of the employee's regular pay, capped at \$200 per day or \$10,000 in the aggregate. Up to 10 weeks of qualifying leave can be counted towards the child care leave credit. Eligible employers are entitled to an additional tax credit based on costs to maintain health insurance coverage for the eligible employee during the leave period.

Reimbursement process: When employers pay their employees, they are required to withhold from their employees' paychecks federal income taxes and the employees' share of Social Security and Medicare taxes. The employers then are required to deposit these federal taxes, along with their share of Social Security and Medicare taxes, with the IRS and file quarterly payroll tax returns (Form 941 series) with the IRS.

Under guidance that is yet to be released, eligible employers who pay qualifying sick or child care leave will be able to retain an amount of the payroll taxes equal to the amount of qualifying sick and child care leave that they paid, rather than deposit them with the IRS.

The payroll taxes that are available for retention include withheld federal income taxes, the employee share of Social Security and Medicare taxes, and the employer share of Social Security and Medicare taxes with respect to all employees.

If there are not sufficient payroll taxes to cover the cost of qualified sick and child care leave paid, employers will be able to file a request for an accelerated payment from the IRS. The IRS expects to process these requests in two weeks or less. The details of this new, expedited procedure will soon be announced.

Keeping American Workers Paid and Employed Act / CARES Act

This law provides \$350 billion to help prevent workers from losing their jobs and support small businesses due to COVID-19 disruptions. The Paycheck Protection Program provides eight weeks of cash-flow assistance through federally guaranteed loans to small employers who maintain their payroll during this emergency. If the employer maintains its payroll, the portion of the loan used for covered payroll costs, mortgage interest, rent, and utilities would be forgiven. The proposal would be retroactive to February 15, 2020, to help bring workers already laid off back onto payrolls. Note that this still requires the Small Business Administration (SBA) to create rules under which these loans can be issued by lenders, which are forthcoming.

Eligibility details include:

- Employers with fewer than 500 employees
- Self-employed individuals
- Loans could equal up to 2.5 times an employer's average monthly payroll, with a maximum of \$10 million
- Covered payroll expenses include salary, wages, and cash tips up to an annual rate of \$100,000 (per employee), health insurance, retirement contributions, and covered leave. It excludes sick and family leave wages for which credit is allowed under the Families First Coronavirus Response Act (FFCRA)
- Rent or Lease agreement payments are eligible expenses, as are utilities, and interest on mortgages that were originated before February 15, 2020
- Payments can be deferred for at least six months up to one year
- The loan period runs from February 15, 2020 through June 30, 2020

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Loan Forgiveness

The borrower shall be eligible for loan forgiveness equal to the amount spent during an 8-week period after the origination date of the loan on payroll costs, interest payment on any mortgage originated prior to February 15, 2020, payment of rent on any lease in force prior to February 15, 2020, and payment on any utility for which service began before February 15, 2020.

Amounts forgiven may not exceed the principal amount of the loan. Eligible payroll costs do not include compensation above \$100,000 (per employee) in wages. The amount forgiven will be reduced proportionally by any reduction in employees retained compared to the prior year and reduced by the reduction in pay of any employee beyond 25% of their prior year compensation. To encourage employers to rehire any employees who have already been laid off due to the COVID-19 crisis, borrowers that re-hire workers previously laid off will not be penalized for having a reduced payroll at the beginning of the period.

Upon a lender's report of an expected loan forgiveness amount for a loan or pool of loans, the SBA will purchase such amount of the loan from the lender. Canceled indebtedness resulting from this section will not be included in the borrower's taxable income.

SBA has determined that any loan amounts not forgiven at the end of one year are carried forward as an ongoing loan with a total term of two years at maximum 0.5% interest. The 100% loan guarantee remains intact.

Tax Provisions

Note that the CARES Act has a number of tax provisions that will impact individuals and businesses. See this recent [Tax Talks post](#) on the [Today's Harvest](#) blog for more information.

State-specific programs for COVID-19

Paid Sick Leave for New York State Employees

Some employers in New York State are now required to provide at least five days of job protected, paid sick leave, at their regular rate of pay to employees who need to take leave because they or their minor dependent child are under a mandatory or precautionary order of quarantine or isolation due to COVID-19. The amount of paid sick leave an employer is required to provide depends on the number of employees they have and the employer's net annual income. More information can be found at [IRS.gov/](https://www.irs.gov/).

- For employers with 1-10 employees and net income of \$1 million or less in 2019, they are not required to provide new sick days beyond existing legislation.
- Employers with 1-10 employees and net income of more than \$1 million in 2019 must provide at least five paid sick days.
- Employers with 11-99 employees must provide at least five paid sick days.
- Employers with 100 or more employees must provide at least 14 paid sick days.

This quarantine leave payment is retroactive. Employees may take quarantine leave if they are still currently under a mandatory or precautionary order of quarantine or isolation issued by the State, department of health, local board of health, or government entity even if that order was issued prior to the enactment of the COVID-19 quarantine leave. This is over and above New York's existing family leave policies. More information can be found at [Paidfamilyleave.ny.gov/](https://www.paidfamilyleave.ny.gov/).

Links to Federal and State Resources on COVID-19

Federal

- [Center for Disease Control and Prevention](#)
 - [Cases in the United States](#)
- [POTUS & White House](#)
- [Homeland Security: Guidance on the Essential Critical Infrastructure Workforce](#)
- [U.S. Dept of Agriculture](#)
- [Farmers.gov](#)
- [H-2A Visa Program](#)
- [American Farm Bureau](#)

Connecticut

- [State of Connecticut](#)
- [Connecticut Department of Agriculture](#)

Maine

- [State of Maine](#)
- [Maine Division of Disease Surveillance](#)
- [Department of Agriculture, Conservation and Forestry](#)

Massachusetts

- [State of Massachusetts](#)
- [Mass. Dept of Agriculture](#)

New Hampshire

- [State of New Hampshire](#)
- [N.H. Dept of Agriculture, Markets & Food](#)

New Jersey

- [State of New Jersey](#)
- [N.J. Dept of Health](#)
- [N.J. Department of Agriculture](#)

New York

- [State of New York](#)
- [N.Y. Department of Agriculture and Markets](#)
- [N.Y. Farm Bureau Updates](#)

Rhode Island

- [State of Rhode Island](#)
- [Rhode Island Dept of Health](#)
- [Rhode Island Division of Agriculture](#)

Other Information

- [State-by-state information on trucking restrictions](#)

CONTACT INFORMATION

We look forward to your questions about Knowledge Exchange Partner and your feedback:

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