



**CARES Act
Families First Coronavirus Response Act**

Tax and payroll implications for your business

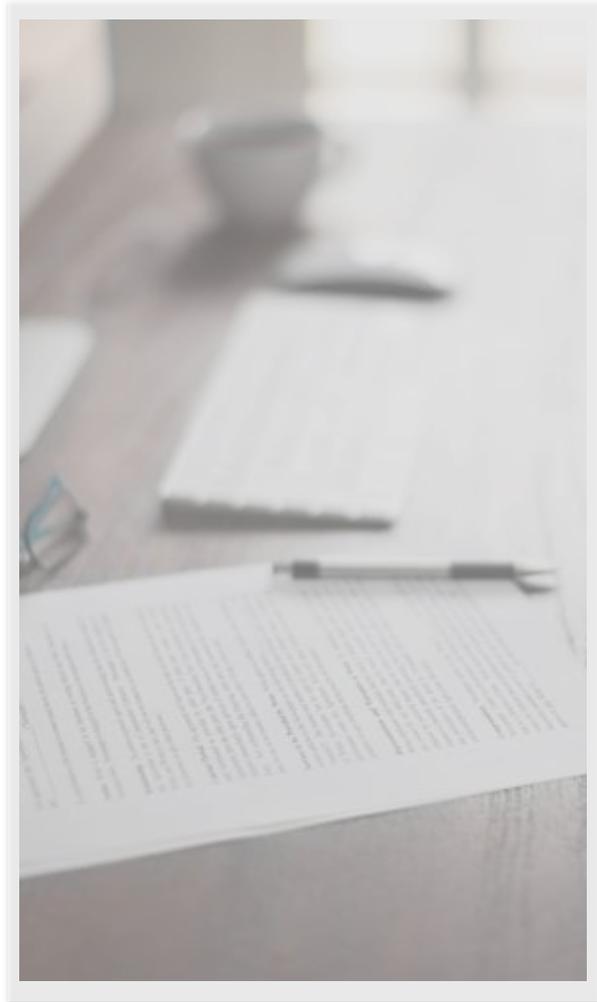


AGENDA: Payroll and Tax Implications

CARES Act

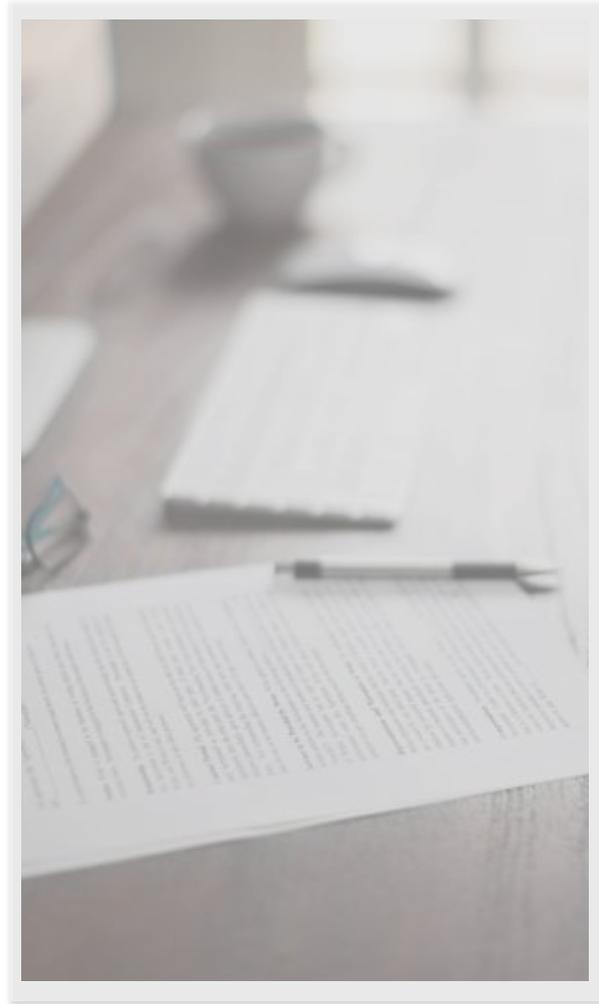
Families First Coronavirus Response Act

Questions



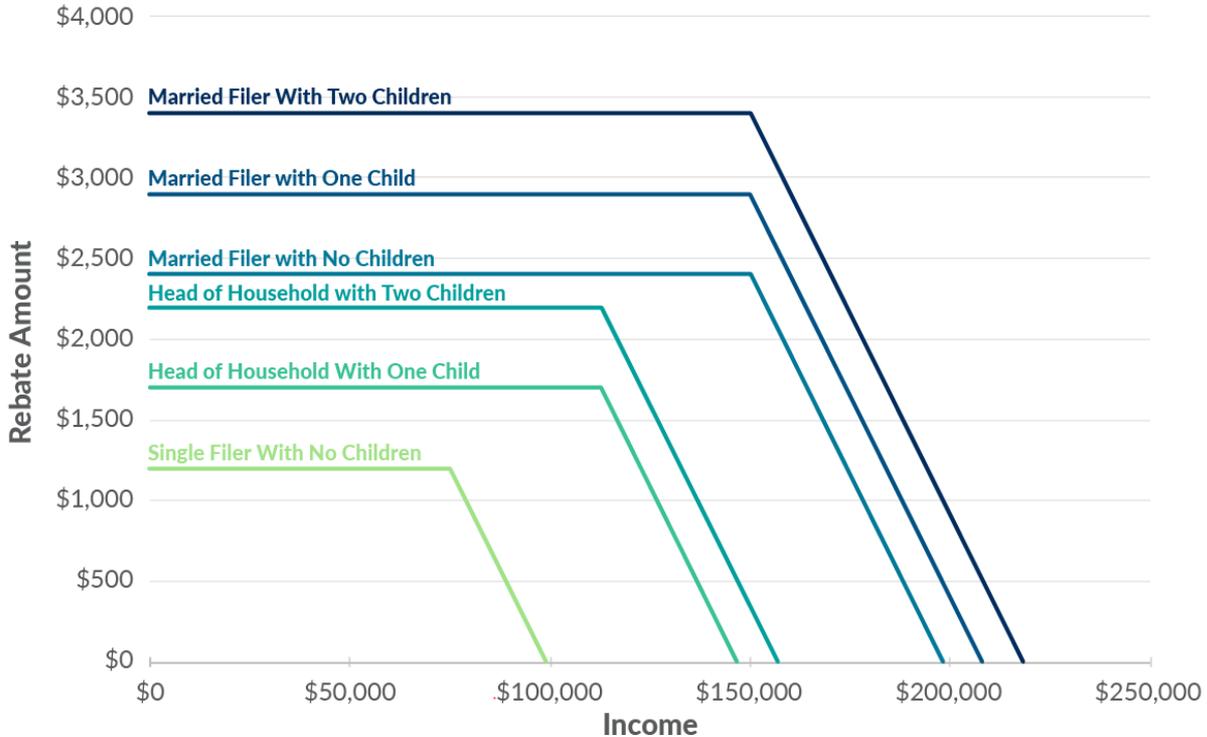
July 15 Tax Deadline

- Federal File and Pay
- Most States (So Far)
- HSA/IRA
- Estimates Due 4/15/2020



Proposed Relief Rebate in the CARES Act

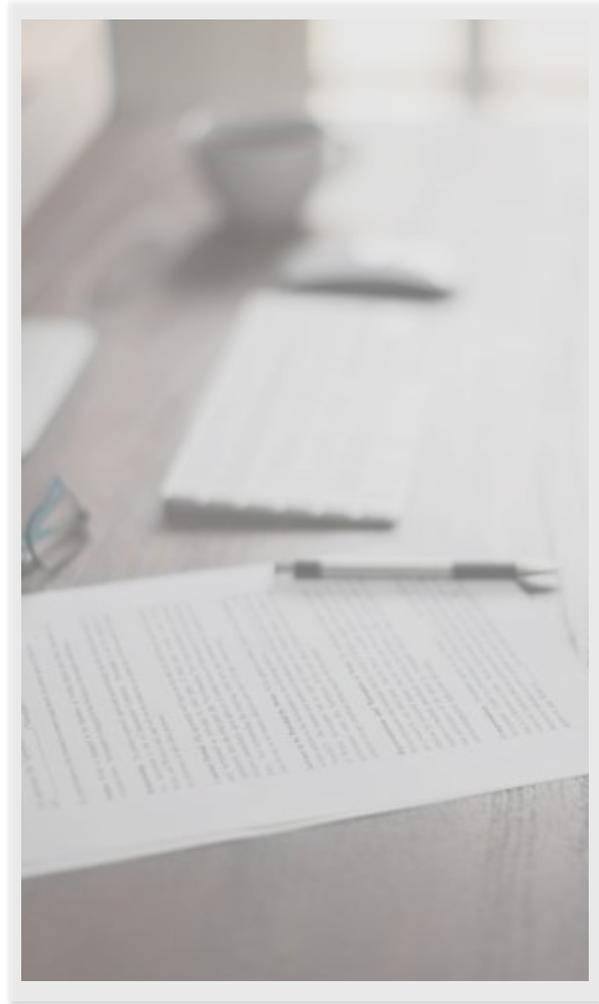
Proposed Individual Economic Relief Rebate By Filing Status



Source: "Coronavirus Aid, Relief, and Economic Security Act"

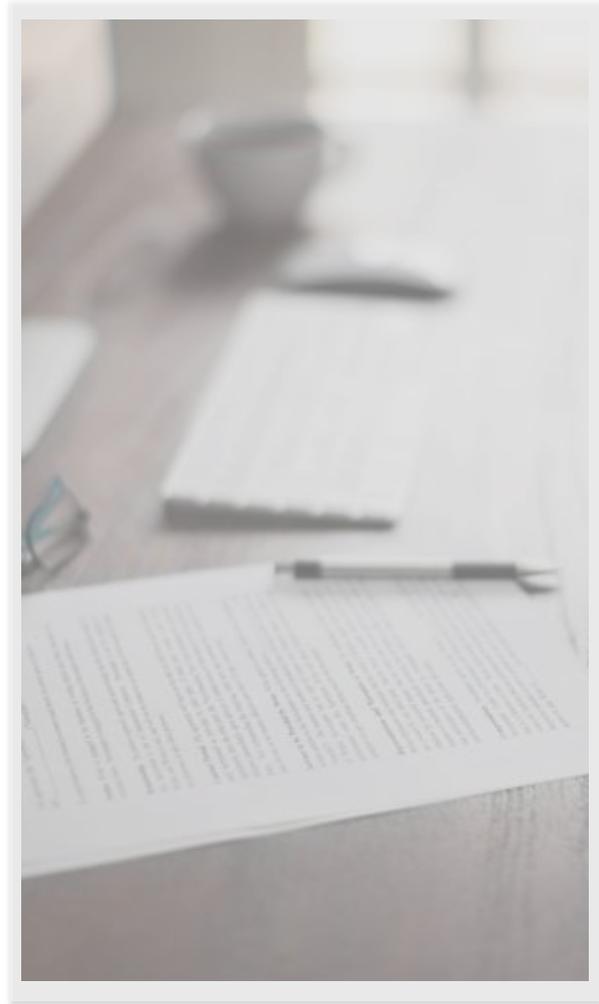
Rebates

- 2019 Tax Return (if filed)
- Advanced Credit for 2020
- No Claw-back



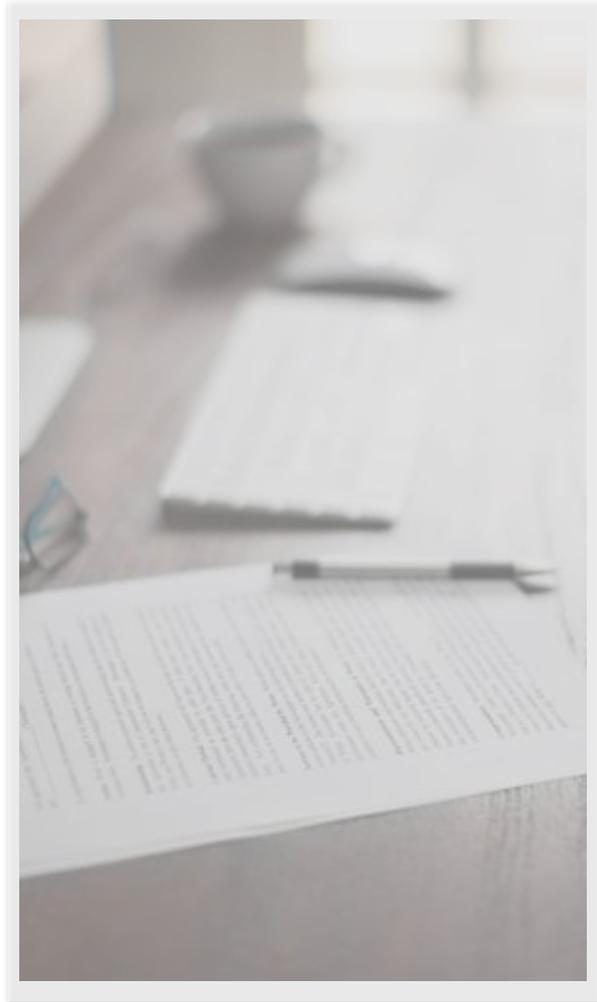
Retirement Accounts

- \$100,000 distribution penalty-free
- Taxes paid over 3-year period
- Ability to repay distribution
- \$100,000 loans



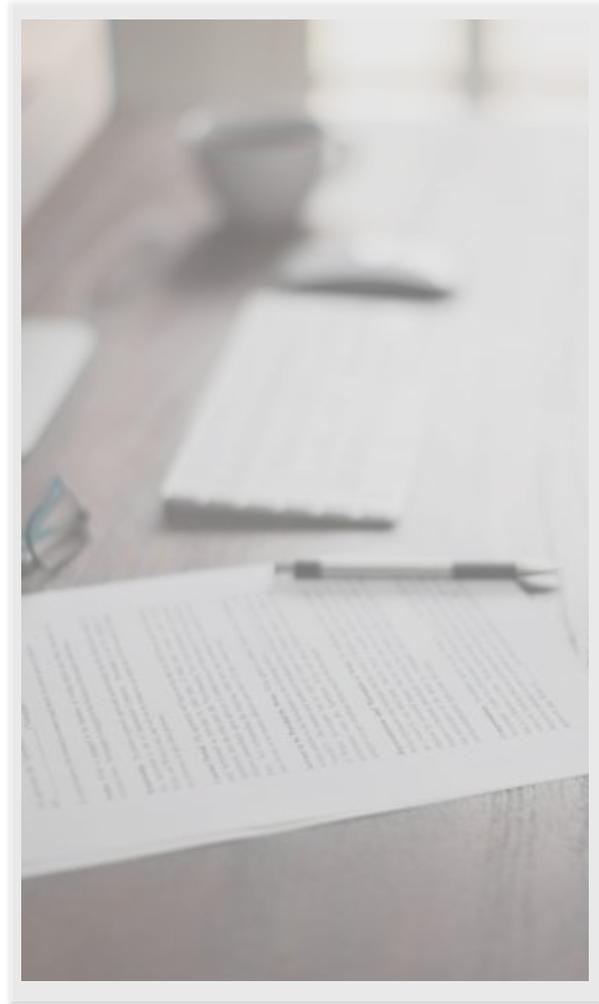
NOL/Excess Business Loss/163(J)

- 5-Year NOL (2018-2020)
- 461(l) removed (2018-2020)
- 163(j) limits increased
- Corporate AMT credits accelerated



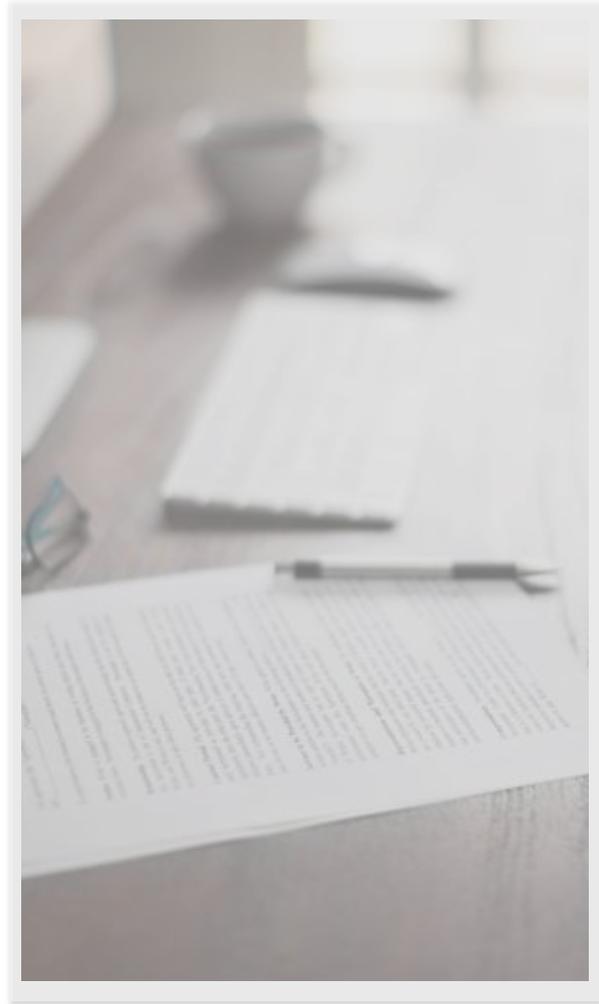
Charitable Contributions

- \$300 Above-the-line (2020)
- 100% AGI; 25% Corps; 25% Food Inv.



Student Loans

- Payments delayed (Federal)
- Tax-Free employee benefit (\$5,250)
- Certain loan forgiveness time continues



Employee Retention Credits

- 50% of wages per employee (\$10,000)
3/13 -12/31
- Business interrupted (govn't) or 50% gross receipt decline
 - *Most farms = “**Essential**”
- Different rules if >100 employees

Employee Retention Credits

BKM Farms, LLC

Revenue	Q1	Q2	Q3	Q4	Total Revenue
2019	\$100,000	\$100,000	\$100,000	\$100,000	\$400,000
2020	\$90,000	\$40,000	\$75,000	\$85,000	\$290,000

Opportunity to defer income?

\$85,000
80%
Do Not
Pass Go

*Credit for employer portion of SS taxes

Employee Retention Credits

- Can receive credits quarterly
- Employers can access withheld taxes required to be deposited
OR request an advance from IRS



Employee Retention Credits

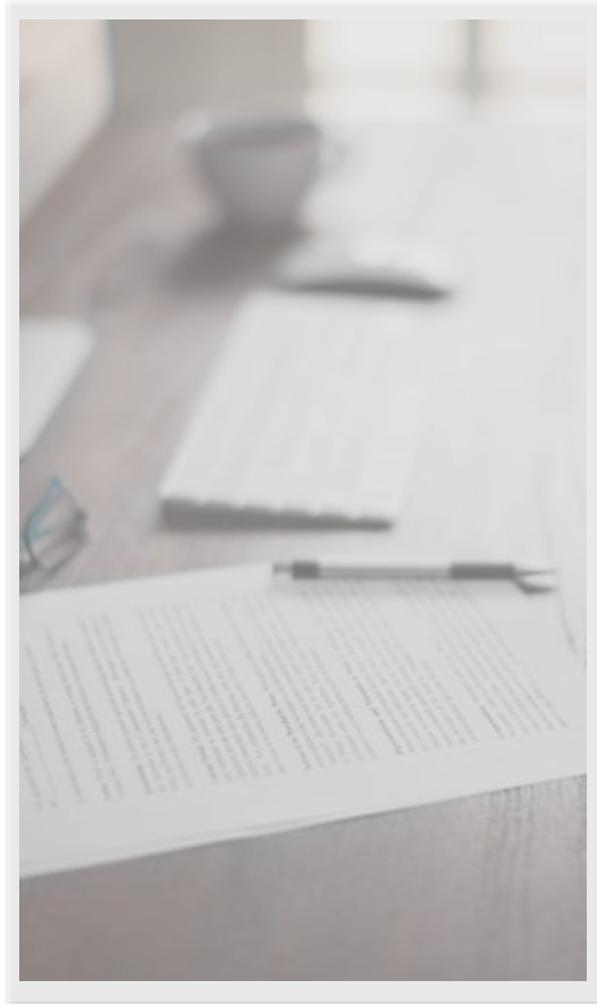
Qualified Wages	Credit Amount	Required Deposit	Permitted Action
\$10,000	\$5,000	\$8,000	<ul style="list-style-type: none">• Employer may keep \$5,000/\$8,000• penalty-free• \$3,000 required to be deposited• \$5,000 to be accounted for (941/943)

Employee Retention Credits

Qualified Wages	Credit Amount	Required Deposit	Permitted Action
\$20,000	\$10,000	\$8,000	<ul style="list-style-type: none">• Keep \$8,000• File Form 7200

Deferral of Payroll Taxes

- Employers (+SE) may defer 6.2% SS Tax
- 1/2 Paid 2021; 1/2 Paid 2022
- Not Eligible w/ SBA Loans



Families First Coronavirus Response Act

- Effective 4/1 – 12/31/2020
- Most employers <500 Employees **must**:
 - Provide paid sick leave
 - Expanded family medical leave

Exceptions

1. Employers <50 employees, and
2. Leave is requested because the child's school (or daycare) closed, and
3. Authorized officer has determined 1 of 3 **viability concerns**

Exceptions

Viability concerns

1. Expenses would exceed revenues + cause business to cease operating at a minimum capacity
2. Absence of employees = substantial risk; or
3. Insufficient workers to perform essential tasks

PROVISION	EMERGENCY FML EXPANSION ACT	EMERGENCY PAID SICK LEAVE ACT
Effective	4/1 -12/31/2020	4/1 -12/31/2020
Size of Business Impacted	Employers < 500 employees	Employers <500 employees
Exceptions	(A)<50 Employees, (B) Leave requested due to child, (C) Authorized Officer	(A)<50 Employees, (B) Leave requested due to child, (C) Authorized Officer
Employee Eligibility	After 30 days of Employment	Immediately
Employee Events	<ul style="list-style-type: none"> unable to work or telework due to a bona-fide need to care for a child when the child's school (daycare) is closed All FMLA is <u>not</u> now paid leave* First 10 –days are unpaid. (emergency paid sick leave covers this 10 day period) 	unable to work or telework due (1) subject to isolation/quarantine order, (2) advised to self-quarantine, (3) experiencing symptoms and seeking medical help, (4) caring for a person subject to isolation/quarantine/advised to self-quarantine, (5) caring for a child whose school is closed, or (6) experiencing similar condition specified by gov'n't.
Duration of Benefit	12 weeks (first 10 days unpaid)	Up to 80 hours (10 days)

Work/Telework

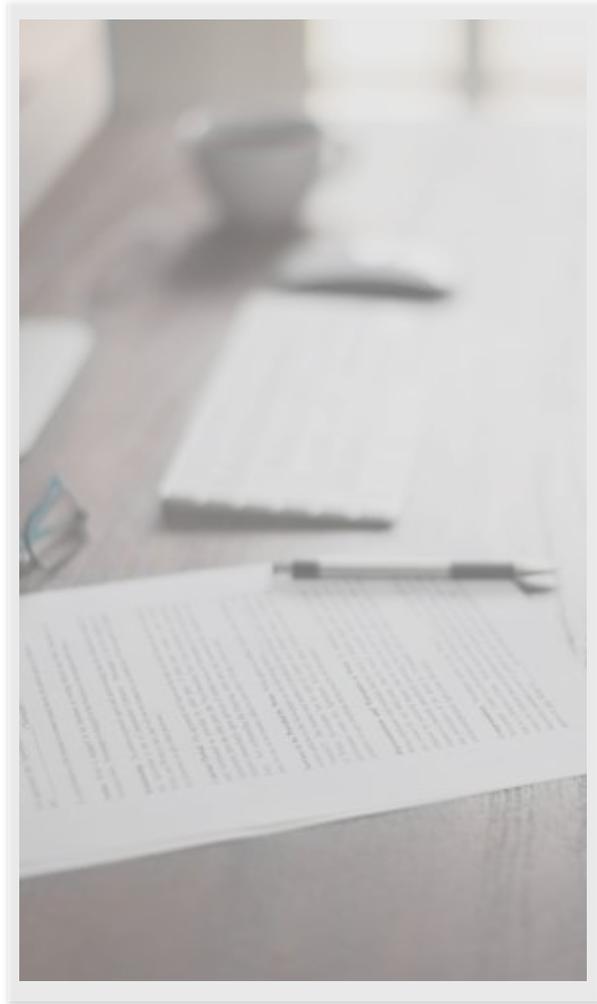
Must be unable to work or telework

- Employer permits or allows work outside home
- Normal wages must be paid
- Not compensated under the paid leave provisions

Amount of Payment

Employee's receive greater of:

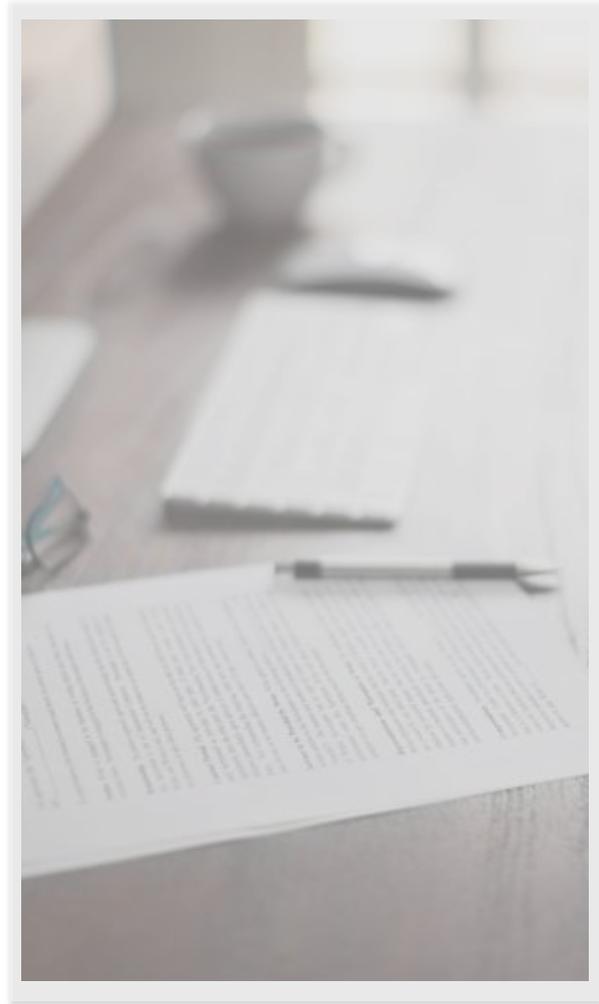
1. Regular rate of pay
2. Fed. min wage under FLSA, or
3. Applicable State/Local min wage



Sick Leave Amount of Payment

Max payment depends on reason:

- \$511/Day(\$5,110 Max) or
- \$200/Day(\$2,000 Max)



Emergency Paid Sick Leave

REASON	AMOUNT
Quarantine/Isolation	Reg Pay(\$511/Day; \$5,110 max)
Self-Quarantine (Medical)	Reg Pay(\$511/Day; \$5,110 max)
Seeking Diagnosis	Reg Pay(\$511/Day; \$5,110 max)

Emergency Paid Sick Leave

REASON	AMOUNT
Caring for someone (quarantined/isolated/self-quarantined)	67% Reg Pay(\$200/Day; \$2,000 max)
Caring for child due to closures	67% Reg Pay(\$200/Day; \$2,000 max)
Similar conditions as specified by gov'n't	67% Reg Pay(\$200/Day; \$2,000 max)

Emergency Family and Medical Expansion

- Up to 12 weeks family leave (first two unpaid*) if:
 - Unable to work or telework because child's school (or daycare) is closed
- 67% regular pay after 10 days
 - \$200/day; \$10,000 max
- Will not receive more than \$200/day
 - \$12,000 total (including sick leave)

Employer Tax Credits

- 100% up to qualified payments
 - During leave period
 - Double-dipping Provisions (45S; loans)
- *Tax credit is taxable income (reduced by debt owed to fed agency)



Self-employed Sick Leave Credit

The lesser of:

(A) \$511/day (10-day max) for self-care or \$200/day (10-day max) to care for another (or child after closure)

OR

(B) 67% (100% for self isolations) of the average daily SE income

– Net earnings from SE for the year/260

Self-employed Sick Leave Credit

- Number of qualified family leave days X lesser of:
 1. \$200 or
 2. Average daily SE income
- Up to 50 days (max credit \$10,000; \$200/day)
- Self-employed credits claimed on income-tax return

Tax Credit Interplay

If Claiming	Small Business Interruption Loan	Employee Retention Credits	FFCRA Tax Credits	Work Opp. Tax Credits
Emp. Ret. Cr.		N/A	Yes, but not on same wages	
SBI Loan	N/A			
Deferment of SS Taxes				

Unemployment Compensation

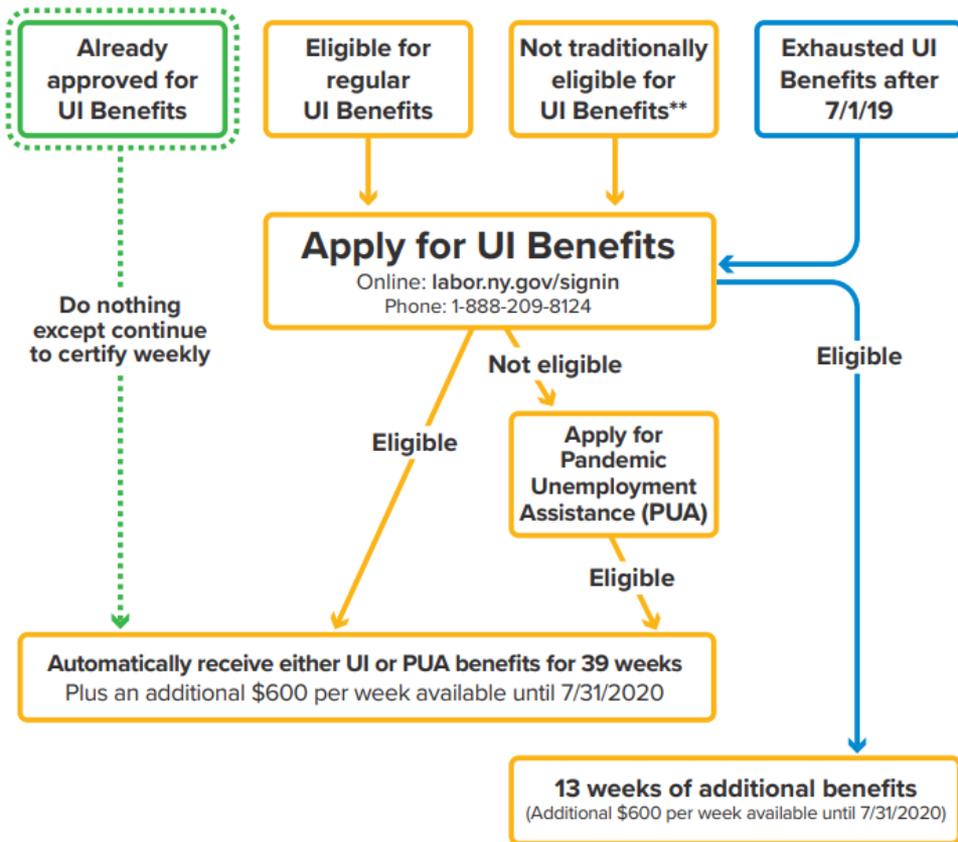
- Pandemic Unemployment Insurance
 - Available to those not eligible for U.I.
 - **Farmers (Self-employed)**
- Four months juiced up + \$600/week
- 13 extra weeks of U.I.



Relief for Workers Affected by Coronavirus Act

What you need to know about the CARES Act

The federal CARES Act was signed into law March 27, 2020. The Act provides enhanced Unemployment Insurance (UI) benefits and Pandemic Unemployment Assistance (PUA) for New Yorkers. Here's what you need to know.





Relief for Workers Affected by Coronavirus Act Pandemic Unemployment Assistance (PUA)

Pandemic Unemployment Assistance (PUA) provides payment to workers not traditionally eligible for unemployment benefits (self-employed, independent contractors, workers with limited work history, and others) who are unable to work as a direct result of the coronavirus public health emergency.

COVID-19 SCENARIOS	COVERED	NOT COVERED
Diagnosed with COVID-19 or with COVID-19 symptoms and seeking diagnosis	✓	
Member of household has been diagnosed with COVID-19	✓	
Providing care for family or household member diagnosed with COVID-19	✓	
Primary caregiver for child unable to attend school or another facility closed due to COVID-19	✓	
Unable to reach place of employment due to an imposed quarantine or because advised by medical provider to self-quarantine due to COVID-19	✓	
Scheduled to commence new employment and cannot reach workplace as direct result of COVID-19	✓	
Became major breadwinner because head of household died from COVID-19	✓	
Quit job as a direct result of COVID-19	✓	
Self-employed / Independent Contractors / 1099 filers / Farmers – and affected by COVID-19	✓	
– and affected by COVID-19	✓	
Seeking part-time employment but affected by COVID-19	✓	
With insufficient work history and affected by COVID-19	✓	
Otherwise not qualified for regular or extended UI benefits and affected by COVID-19	✓	
Individuals that can telework with pay		X
Individual receiving paid sick leave or other paid leave benefits (regardless of meeting a category listed above)		X

Paycheck Protection Program

Farm Credit East plant to participate

Generally 500 employees or fewer

Loan amount: 2.5x average monthly payroll +/-

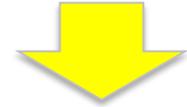
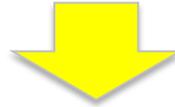
100% forgivable if:

- Used for eligible expenses in the 8 weeks following loan closing
- # employees and wages are same vs. prior year – otherwise reduced proportionally

No fees, guarantees, collateral, prepayable

Interest rate = 0.5%, 2-year term total

Farmer Decisions



Employer	# Employees	Average Annual Salary	PPP Loan	Employee Retention Credit
Jack Farmer	30	\$20,000	\$125,000	\$150,000
Jill Farmer	30	\$50,000	\$312,500	\$150,000

FarmCreditEast.com/ResourceHub



EXPLORE KNOWLEDGE EXCHANGE

COVID-19 RESOURCE HUB

TODAY'S HARVEST ▼

TAX TALKS

TODAY'S HARVEST

- ### COVID-19 RESOURCE HUB
- CEO's Message
 - Interest Rates
 - Paycheck Protection Program
 - Tax Planning and Preparation
 - Payroll
 - Knowledge Exchange Resources

For today's recording, visit FarmCreditEast.com/webinars

Questions?



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