

Federal Relief  
Running List of Questions and Answers

**APRIL 6, 2020**

So do you recommend me pursuing a small business loan and keep paying myself in hopes that I won't need to repay or do you think unemployment comp is the way to go for me and my small business?

1. Right now we are generally recommending that clients pursue the business loan because of the potential for having some or all of it forgiven. If you are not forgiven the loan you may have wished that you had done the unemployment route.
2. The confusion comes in because the federal government has provided many choices. It is not possible to determine the best choice in all situations. "Hindsight" will likely be a term used a lot. This being said, we recommend that you begin to pursue both options at this point. We are leaning toward the loan option for the most part.

**APRIL 5, 2020**

Clients have requested that Sorge CPA assist with interpreting the loan questions and filling out the application. "I have looked over the application and a lot of it I just don't understand, and I would like some help."

1. Your **banker** is the best person to help answer the questions on the application.
2. We understand that clients have relied on our firm for accounting, payroll, tax services and advice. We have assisted in providing projections and other information so as to obtain financing in the past. Why is this different? This particular situation is significantly different.
  - a. We have found that we are basically "in the way" when it comes to getting funding quickly, which is the point of these loans. Fast funding is of paramount importance.
  - b. To move things along, fill out the application the best you can, then communicate with the bank and get it to your contact at the bank when and how they ask you to.
  - c. By all appearances, because the point of the program is to get funds out quickly this is turning into a relatively "low documentation" situation. We do not believe as much documentation and verification will be required in order to get approved for the loan you seek. We will assist in providing documentation requested by the bank.
  - d. We are not holding back any information. All of what we know is documented in this list of questions and answers. This forum is free. We are just trying to provide resources.
  - e. At this time, we are not offering to provide consulting services as we will not have the staffing available to assist with this for several weeks. That will be too late. We would rather see clients investing funds into their operations than investing in consulting services with our firm. This is the reason for the free information we are providing in this format.
  - f. Our time is best invested now in order to complete tax returns for clients for whom there are refunds. We only have resources available at this time to assist clients with income tax services and this question and answer forum.

**APRIL 5, 2020**

I would like to talk to someone who knows all the answers to questions on the new Coronavirus Employee Rights program.

1. We would like the person "who knows all the answers" as well. For now clients will need to rely on this question and answer forum.
2. Our understanding is that the paid sick leave applies only when
  - a. you have employees who are working but

Federal Relief  
Running List of Questions and Answers

- b. unable to work and
  - c. not on unemployment but
  - d. are unable to work because of having contracted COVID-19 or having to care for someone who has contracted it.
3. <https://www.cda.org/Home/News-and-Events/Newsroom/Article-Details/small-business-exemptions-to-covid-19-emergency-leave-expanded-fmla-clarified>
4. <https://www.dol.gov/agencies/whd/pandemic>

**APRIL 4, 2020**

It says all business can apply and sole proprietorship's and self-employed individuals. I assume that is me. My business has taken a huge hit with this virus and the government is giving us help and I want to take advantage of it I think it will help me. I have looked over the application and a lot of it I just don't understand, and I would like some help.

1. Yes, we believe you will qualify for relief. Please see the key words in this updated release of past Q&A with key words highlighted.
2. You will need to contact your **BANK**er as they are best versed to help with getting potentially forgivable loans.

**APRIL 4, 2020**

As a single member llc with no employees would i qualify for any relief? I assume since it is an llc it would not be considered a sole proprietor.

1. Yes, we believe you will qualify for relief. Please see the key words in this updated release of past Q&A with key words highlighted.
2. You will need to contact your **BANK**er as they are best versed to help with getting potentially forgivable loans.

**APRIL 4, 2020**

I am asking if there is some way to get payroll relief for our business (forgivable funds). Our business is seasonal but we do work all year long. We do not want a loan but there is some money we are eligible for to help cover our payroll to keep working. Is there some money that would help cover this? If not, OK just checking. What do we have to do to submit this request?

1. Yes, please look for the bolded and underlined key words in this document.

**APRIL 1, 2020**

Do you think we would benefit or even qualify to apply for a **PAYROLL PROTECTION LOAN**?

2. During this time we recommend going through the process. No one likes completing the documents and setting aside time for this, however, you will learn a great deal by going through the process with a **BANK**er. With clearer direction over just the last 24 hours we are seeing a very likely benefit for a large number of business owners. The worst that could happen would be that the loan not be **FORGIVEN**. In any case, if you are requesting a loan, in the end you can use funds to the extent you need them and pay back the remainder as funds are available. The idea is to error on the side of liquidity.
3. The **PAYROLL PROTECTION LOAN** requires that you retain your payroll. There are rules you have to follow in order to get full benefits. However, even if you do not maintain your payroll you will have a loan, even though not all of it may be **FORGIVEN**. Something is likely better than nothing.

**APRIL 4, 2020**

Federal Relief  
Running List of Questions and Answers

My question is regarding sole proprietors, **INDEPENDENT CONTRACTORS** in various industries who depend upon businesses hiring them for work. I am a freelance videographer/photographer who works for various media companies that do business with local businesses and national businesses. Since the Covid19 Pandemic, I have no work and will not until things get back to normal. Do I qualify for unemployment?

1. Yes, I believe so. See the answers below. Search for the bolded and underlined key words.

a. **INDEPENDENT CONTRACTORS** and **SELF-EMPLOYED** individuals can submit applications to lenders starting **APRIL 10th**.

**APRIL 2, 2020**

I am **SELF-EMPLOYED** (teaching yoga). 1) Am I considered a gig worker/contractor and therefore entitled to the Pandemic **UNEMPLOYMENT** Assistance? 2) If so, do I need to have completed my 2019 taxes in order to apply? (I have not yet submitted my tax documents to your office).

2. The answer is yes. It appears that you likely qualify for **UNEMPLOYMENT** assistance. The Pandemic **UNEMPLOYMENT** Assistance (PUA) program will be administered through state **UNEMPLOYMENT** agencies, so workers seeking PUA should apply through their state office.
3. <https://www.omm.com/resources/alerts-and-publications/alerts/UNEMPLOYMENT-assistance-gig-workers-independent-contractors/>

**APRIL 4, 2020**

My question is regarding sole proprietors, **INDEPENDENT CONTRACTORS** in various industries who depend upon businesses hiring them for work. I am a freelance videographer/photographer who works for various media companies that do business with local businesses and national businesses. Since the Covid19 Pandemic, I have no work and will not until things get back to normal. Do I qualify for unemployment?

4. Yes, I believe so. See the answers below. Search for the bolded and underlined key words.

a. **INDEPENDENT CONTRACTORS** and **SELF-EMPLOYED** individuals can submit applications to lenders starting **APRIL 10th**.

**APRIL 2, 2020**

I am **SELF-EMPLOYED** (teaching yoga). 1) Am I considered a gig worker/contractor and therefore entitled to the Pandemic **UNEMPLOYMENT** Assistance? 2) If so, do I need to have completed my 2019 taxes in order to apply? (I have not yet submitted my tax documents to your office).

5. The answer is yes. It appears that you likely qualify for **UNEMPLOYMENT** assistance. The Pandemic **UNEMPLOYMENT** Assistance (PUA) program will be administered through state **UNEMPLOYMENT** agencies, so workers seeking PUA should apply through their state office.
6. <https://www.omm.com/resources/alerts-and-publications/alerts/UNEMPLOYMENT-assistance-gig-workers-independent-contractors/>

Federal Relief  
Running List of Questions and Answers

**Mostly BANKs are Overrun while Seeking Federal Guidance**

You may have noticed that **BANKs** are being overrun by business owners who would like to apply for the **Payroll Protection Program Loan**. We received an instructive communication content from our main **BANK**, Monona **BANK** via an online **BANKing** message (you may be aware of a similar message from your own **BANK**). This will give you a sense as to what the business lenders are going through as they work to get needed funding into your hands:

“To all business **BANKing** clients:

The Small Business Administration (SBA) just released the Paycheck Protection Program designed to help small businesses keep workers employed amid the current COVID-19 crisis and economic downturn. The Paycheck Protection Program provides 100% federally guaranteed loans to small businesses who qualify. More importantly, these loans may be **FORGIVEN** if borrowers maintain their payrolls during the crisis or restore their payroll after the crisis is over.

As your financial partner, Monona **BANK** is committed to helping you with your application and have attached the necessary application and an Information Sheet at the bottom of this email.

1. Please note:
  - a. Small businesses and **SOLE PROPRIETORS** can submit applications to lenders starting April 3rd.
  - b. **INDEPENDENT CONTRACTORS** and **SELF-EMPLOYED** individuals can submit applications to lenders starting **APRIL 10th**.
  - c. The SBA is still writing the Standard Operating Procedures for this loan program.
  - d. Once complete, it will provide clear instructions on how to complete your application, how to calculate your maximum loan amount, where to submit the application, the documentation required, when the funds will be available after loan approval, etc.

At this time, final procedural guidance and required documentation to apply has not been given by the SBA. Please do not submit your completed application at this time, or until guidance has been provided. We anticipate final application guidance will be provided prior to Friday, April 3rd.

The SBA is scheduling training webinars this week to get **BANKs** and lenders up to speed. In the meantime, the attached information sheet was prepared to help answer some of the questions you may have about this program.

In reviewing the information sheet, the SBA decided to modify a few key areas, to ensure all loan terms are the same for everyone. Some highlights include: (i) the interest rate will be 0.50%, (ii) the loan term will be two (2) years, (iii) the loan payments will be deferred for six (6) months, and (iv) the loan may be **FORGIVEN** if loan proceeds are used for payroll costs, mortgage interest, rent, and utilities. Loan **FORGIVEN**ness requires you to maintain your staff and payroll. See information sheet for more information.

We anticipate this will be a highly sought-after loan program; therefore, we are creating a streamlined process to expedite all applications. In the meantime, we encourage you start collecting the following information now to get ready to submit your application:

Federal Relief  
Running List of Questions and Answers

1. Payroll information from 2019. A report from your payroll provider will be a good start. IRS Form 941 or 944
2. While we have learned a lot about this program over the past few days, we expect to learn more by Friday so we can take your application once the SBA provides the necessary additional guidance.

As your financial partner, Monona **BANK** is committed to helping you with your attached application. An additional message will follow this with a PPP Borrower Information Fact Sheet. For more assistance, please contact your business **BANK**er or our Business Services Support Team at 608-310-1240 or email at [bssupport@mononaBANK.com](mailto:bssupport@mononaBANK.com). We will get through this together.”

**Manage your Expectations:**

1. There are many seeking loans.
  - a. If your business is not hurt by the pandemic we recommend that you do not apply for the loan, or at least take a place in line a little further back, so that you make room for those who have a dire need for the funds.
  - b. We believe that the funds available in the stimulus package will cover roughly 1/3 of the need.
2. There are many seeking **UNEMPLOYMENT** benefits.
3. Based on the current numbers we believe another stimulus package will be necessary.
4. <https://tax.thomsonreuters.com/blog/small-business-loans-we-finally-have-some-answers/>

**APRIL 2, 2020**

I am **SELF-EMPLOYED** (teaching yoga). 1) Am I considered a gig worker/contractor and therefore entitled to the Pandemic **UNEMPLOYMENT** Assistance? 2) If so, do I need to have completed my 2019 taxes in order to apply? (I have not yet submitted my tax documents to your office).

1. The answer is yes. It appears that you likely qualify for **UNEMPLOYMENT** assistance. The Pandemic **UNEMPLOYMENT** Assistance (PUA) program will be administered through state **UNEMPLOYMENT** agencies, so workers seeking PUA should apply through their state office.
2. <https://www.omm.com/resources/alerts-and-publications/alerts/UNEMPLOYMENT-assistance-gig-workers-independent-contractors/>

**APRIL 2, 2020**

I am a **SOLE PROPRIETOR**. Do I qualify for a PPP loan if I don't have any staff or payroll. I don't cut myself a paycheck. It's just me.

1. The issue is that the program is not perfectly clear. **BANK** loan officers are learning. We are learning. Everyone is learning. What we do know is that PPP Loan applications can be accepted as of today for those with employees. Then the following week, **APRIL 10**, loans are available for **SELF-EMPLOYED** individuals. There is clarification coming out daily. The bottom line is to apply for the loans when you can even before all of the rules are completely clear. This gives you the chance to have part of your operating expenses written off, loan **FORGIVEN**. If the loan is not **FORGIVEN** you have a 4% interest on the loan. I would pursue the loan and learn from the process.
2. <https://www.foxrothschild.com/publications/sba-issues-paycheck-protection-program-guidance/>

Federal Relief  
Running List of Questions and Answers

**APRIL 2, 2020**

I have been seeing the \$10,000 fast relief advance for payroll usually within 3 days. Do you advise using this method and then advancing to the additional relief (Payroll x2.5)? I have payroll next week and would like to pay all whether working or not?

1. Yes. I would get fast relief. I don't see a downside to getting funds faster. Our interpretation is that this would be something like an advance on the loan you are already applying for but without the typical several days or weeks it may take to get through the loan approval process.
2. The provisions of the CARE Act that are targeted towards small businesses will include, but not be limited to, the following measures:
  - o **Paycheck Protection Loans ("PPL")** to cover payroll costs, interest costs, rent, and utilities;
  - o **Economic Injury Disaster Loan GRANTS** to provide an 'immediate' advance of up to \$10,000.00 of working capital to businesses that have applied for Economic Injury Disaster Loans in response to coronavirus; and
  - o **Entrepreneurial Development Programs**
3. **The best starting place for a business seeking one of these loans is the business's lender.** The Small Business Administration ("SBA") will provide 100% federally backed loans to eligible small businesses and is currently working to onboard new lenders to its program. These loans are accessed directly through lenders and will not require SBA pre-approval. The goal is to be ready to fund loans as quickly as possible if and when this legislation is passed into law.
4. <https://www.wardandsmith.com/articles/covid-19-relief-package-to-include-small-business-loans>

**A Note about Communication during the Next Few Weeks**

Clients are quite understandably in need of communication. We appreciate the opportunity to assist you. The format of communication with regard to the government relief programs at this time must be in the form of emails to and from [relief.q-a@sorgecpa.com](mailto:relief.q-a@sorgecpa.com). We have to consider and weigh the communication needs of the many compared with the needs of the few. While in-person and individual telephone communication is preferred, we need to focus on helping the most clients in the least amount of time. Your emails are having a very positive impact providing guidance to us as to the information needed. Please email your questions. You will be answered back directly with the answer we will post in the email broadcast. ALL QUESTIONS ARE GOOD QUESTIONS. If questions are off topic we will communicate back with you directly whether we can answer the question at this time or refer you to an appropriate source for the answer. Please understand that phone calls will likely be responded to via email and not returned calls. Emails are better at this time.

Please email your government relief questions to [Relief.Q-A@sorgecpa.com](mailto:Relief.Q-A@sorgecpa.com) so that we can work together in order to get questions and answers disseminated as quickly as possible. Thank you!

Based on the feedback we are getting it appears that this communication has been helpful. Statistically we had a high of 56% open rate at the beginning of our communication process now coming down to a 40% open rate. This is based on sending out approximately 5,300 each day. We expect to taper back the daily communication to weekly, likely next week. Then monthly by the end of the month. We will base perceived communication needs on the statistics. We do not want to clutter your inbox unnecessarily.

Federal Relief  
Running List of Questions and Answers

**APRIL 1, 2020**

I read that we can adjust salary pay to employees.

1. Yes, you can adjust the compensation and hours or completely lay off employees. If you want these employees to come back once the dust settles a bit you will want to communicate with them the Who, What, When, Why and How the best you can.
2. Employees can act independently. If you reduce your employee's compensation they should communicate with Wisconsin Department of Workforce Development **UNEMPLOYMENT** Insurance in order to determine whether they are entitled to benefits under their circumstances.

**APRIL 1, 2020**

Are there any stipulations regarding owners being the salaried employees, if those owner/employees have chosen to waive state **UNEMPLOYMENT**? Might the owner be eligible under the current relief program?

1. So far in Wisconsin we are not seeing where **UNEMPLOYMENT** benefits will be paid when the owner has waived being taxed and getting the benefits. We are watching for something like this, however, nothing yet. There are some states who may be allowing this.

**APRIL 1, 2020**

Do you think we would benefit or even qualify to apply for a **PAYROLL PROTECTION LOAN**?

1. During this time we recommend going through the process. No one likes completing the documents and setting aside time for this, however, you will learn a great deal by going through the process with a **BANK**er. With clearer direction over just the last 24 hours we are seeing a very likely benefit for a large number of business owners. The worst that could happen would be that the loan not be **FORGIVEN**. In any case, if you are requesting a loan, in the end you can use funds to the extent you need them and pay back the remainder as funds are available. The idea is to error on the side of liquidity.
2. The **PAYROLL PROTECTION LOAN** requires that you retain your payroll. There are rules you have to follow in order to get full benefits. However, even if you do not maintain your payroll you will have a loan, even though not all of it may be **FORGIVEN**. Something is likely better than nothing.

**APRIL 1, 2020**

I have an S Corp business (I am the only Employee, not ruled **SELF-EMPLOYED**) that works exclusively for another entity. My S Corp is a Sub-Contractor for the other entity and gets paid as an Independent Contractor. The S Corp pays me as a W-2 Employee. I understand there is a potential to get a loan which could potentially be **FORGIVEN** if you show reduced wages or no wages as well, up to 8-weeks. I believe if you show your wages were less a year ago (for the same months, ex. April, May, June), you are entitled to the lesser wages. Is that correct? For example, if I paid myself \$3,000. in April 2019 and only \$1,000. In April, 2020, would the difference of \$2,000 be a recoverable wage loss. Keep in mind, most of my customers are businesses that are being affected by this pandemic. They are reducing their Employee staff and possibly laying off Employee's. The customers are starting to become delinquent in their payments, due to cash flow issues.

Federal Relief  
Running List of Questions and Answers

1. It is actually the other way around. If you maintain your payroll even as the profits from the business decline you may be **FORGIVEN** the **PAYROLL PROTECTION LOAN** you needed in order to pay wages and a host of other related business expenses (refer to the documents in the special email we sent on April 1 @7am). At this point we are not aware of any exclusion indicating that S corporation shareholders who are also employees would be excluded. When it comes to loan **FORGIVEN**ness it appears that you will need to have evidence that payroll was maintained and that your business was impacted. In any case, if you are requesting a loan, in the end you can use funds to the extent you need them and pay back the remainder as funds are available. The idea is to error on the side of liquidity.

**APRIL 1, 2020**

What are the maximum expenses which can be applied toward loan **FORGIVEN**ness for the 8 week period? All employees earn below \$100,000.

1. We are not aware of any limitation on the potential loan **FORGIVEN**ness for individual wages and related expenses below \$100,000.

**APRIL 1, 2020**

Can you explain how Health Insurance premiums can be included as a business expense for the Payroll Protection Program? I pay my premiums every 6 months and the next due date is July 1<sup>st</sup>. I will be paying a premium my family covering us from July 1 thru Dec. 31<sup>st</sup>. If this premium is paid before June 31<sup>st</sup> (a current end date for the SBA Loan), is the total premium an eligible expense and reimbursable expense?

1. So far we have not found a clear answer to whether prepaid business expenses disbursed before July 1 would be included as a business expense related to payroll and therefore eligible for potential **FORGIVEN**ness. However, it is likely that only the expenditures incurred would only be included as being eligible. Meaning it is more likely that the portion of the amount paid before July 1 related to July 1 and earlier would be eligible, while the portion of the amount paid before July 1 related to July 1 and after would not be eligible.

**APRIL 1, 2020**

What are the limitations needed to get it **FORGIVEN** at the end of the term?

1. **How much of my loan will be **FORGIVEN**?** You will owe money when your loan is due if you use the loan amount for anything other than payroll costs, mortgage interest, rent, and utilities payments over the 8 weeks after getting the loan. Due to likely high subscription, it is anticipated that not more than 25% of the **FORGIVEN** amount may be for non-payroll costs. You will also owe money if you do not maintain your staff and payroll.
  - **Number of Staff**: Your loan **FORGIVEN**ness will be reduced if you decrease your full-time employee headcount.
  - **Level of Payroll**: Your loan **FORGIVEN**ness will also be reduced if you decrease salaries and wages by more than 25% for any employee that made less than \$100,000 annualized in 2019.
  - **Re-Hiring**: You have until June 30, 2020 to restore your full-time employment and salary levels for any changes made between February 15, 2020 and April 26, 2020.
2. **How can I request loan **FORGIVEN**ness?** You can submit a request to the lender that is servicing the loan. The request will include documents that verify the number of full-time equivalent employees and pay rates, as well



Federal Relief  
Running List of Questions and Answers

as the payments on eligible mortgage, lease, and utility obligations. You must certify that the documents are true and that you used the **FORGIVEN**ess amount to keep employees and make eligible mortgage interest, rent, and utility payments. The lender must make a decision on the **FORGIVEN**ess within 60 days.

3. <file:///C:/Users/.ks/Documents/PPP%20Borrower%20Information%20Fact%20Sheet.pdf>

**APRIL 1, 2020**

Are there any programs that you think I should check out for **SELF-EMPLOYED** or **INDEPENDENT CONTRACTORS**?

1. This item was addressed in previous Q&A emails, however, there is new information coming out hourly. Here is recent information.
2. This bill creates a new program, called Pandemic **UNEMPLOYMENT** Assistance, that extends benefits to gig workers, contractors and others who wouldn't otherwise qualify for **UNEMPLOYMENT** compensation but cannot work due to the coronavirus emergency. You'll get the \$600 per week, plus half the average **UNEMPLOYMENT** benefit in your state.
3. <https://www.nbcnews.com/politics/congress/coronavirus-UNEMPLOYMENT-benefits-here-s-who-qualifies-how-much-they-n1169846>
4. <https://www.cnet.com/how-to/coronavirus-UNEMPLOYMENT-payments-applying-and-more/>

**APRIL 1, 2020**

What is the best route for me to take? **UNEMPLOYMENT** or this **PAYROLL PROTECTION LOAN**?

1. Our recommendation based on the information we have is that you pursue both simultaneously. Each situation is different. The gut feeling at the moment (and this can change based on new information) is that the **PAYROLL PROTECTION LOAN** will be the best for business owners. If you pursue this please provide us with your experience so that we can spread the word on what you are learning. This information is all still very fluid.
2. <https://www.cnet.com/how-to/coronavirus-UNEMPLOYMENT-payments-applying-and-more/>

**We are getting a lot of questions regarding UNEMPLOYMENT. Here are some answers:**

**What is **UNEMPLOYMENT** insurance?**

When you get laid off from your job, you can file for **UNEMPLOYMENT** insurance. Every state's requirements and benefits are different. For instance, I live in Florida, where qualifying residents can claim up to 12 weeks of **UNEMPLOYMENT** benefits at up to \$275 a week. See what it's like [where you live](#).

Before the stimulus package passed, **UNEMPLOYMENT** benefits were meant to temporarily help cover your needs -- like housing costs, food and utility bills -- until you can find new work. If you're **SELF-EMPLOYED** and lost clients or business due to the coronavirus pandemic, you would've otherwise not qualified for regular **UNEMPLOYMENT** insurance.

**Who does the new stimulus package cover?**

Aside from full-time workers, you're eligible to receive benefits as a part-time or **SELF-EMPLOYED** worker, as well as if you're already unemployed or can't work because of COVID-19. Others that are included:

- You were set to start a new job and can't because of the outbreak.
- You collect veteran or Social Security benefits.
- Your job closed due to the coronavirus (for instance, restaurants or businesses deemed "non-essential").
- You're not working because you have to care for children or other family members who would otherwise attend school or another facility.

**How much money will I receive?**

## Federal Relief

### Running List of Questions and Answers

The plan will give you an extra \$600 a week on top of whatever you get through your state's current **UNEMPLOYMENT** insurance package. It will cover you for an extra 13 weeks. That means in my state of Florida -- which usually covers 12 weeks -- residents will be covered for 25 weeks. Most states have **UNEMPLOYMENT** benefits that are upwards of 26 weeks. The extension would mean they're covered through 39 weeks. Even if you've already exhausted all your **UNEMPLOYMENT** benefits, you could reapply for the additional 13 weeks.

Weekly payouts vary by state, but many could see their **UNEMPLOYMENT** benefits more than double. For instance, California residents get \$450 per week. The extra \$600 would put their weekly benefits at more than \$1,000. Median weekly earnings nationwide were \$936 in the fourth quarter of 2019.

**Read more:** [How to spend your \\$1,200 stimulus check](#)

#### **What if I was furloughed?**

While a layoff means a job was closed, a furlough is a temporary leave of absence, usually with an end date. Being furloughed is more beneficial, in general, since some employers continue to provide benefits and there is some form of job security. For instance, Macy's put a majority of its employees on furlough, but is providing benefits to employees enrolled in healthcare "at least through May."

Usually, **UNEMPLOYMENT** benefits for furloughed employees vary from state to state, but, with the stimulus bill, anyone who was furloughed due to the coronavirus outbreak qualifies for **UNEMPLOYMENT** insurance. Unlike filing due to a layoff, furloughed employees do not have to prove they lost their jobs.

#### **Is there anything it doesn't cover?**

If you're able to work from home or currently receive paid leave, you won't qualify for the updated **UNEMPLOYMENT** benefits. In some situations, if you quit your job, you might not be eligible to receive the new **UNEMPLOYMENT** insurance. For instance, if you quit because you're worried you'll contract COVID-19, yet your place of employment is still open, you might not qualify. However, if you have to self-quarantine due to potential exposure, you'd be eligible.

The language on this is a little fuzzy. The bill is meant to cover those who quit their jobs as a direct result of the coronavirus, but it's up to individual states to determine if you're eligible to receive benefits. Although most states are beyond maximum capacity and having trouble handling the high volume of applicants, the only way to know if you'll get accepted is to apply.

#### **When can I apply?**

Immediately. Before the stimulus package was passed, you had to wait at least a week to receive benefits. But the new bill gets you money right away. That means if you lost your job this week, you can apply right now to receive payments.

With millions of people applying for **UNEMPLOYMENT** -- and many more expected to file in the coming weeks -- most workers will benefit from this package. If you have no other way to work from home or take paid time off to care for yourself or your family, filing for **UNEMPLOYMENT** might be the only way you can have enough cash to survive. In your time of need, don't be afraid to exhaust every resource you can find.

The program is retroactively set to Jan. 27, 2020 and goes through Dec. 31, 2020.

#### **How to apply for **UNEMPLOYMENT** insurance**

There's no federal system for **UNEMPLOYMENT** benefits, which means you'll need to apply through your state's individual system. Find your state's program, but be mindful that each state operates differently. This means the latest coronavirus information might not be updated yet. File according to your state's requirements but it's a good idea to be patient, given the circumstances.

#### **APRIL 1, 2020**

Since I have not been paying myself via payroll, then you are saying the income I receive from my small business will not be covered under this legislation?

1. Our recommendation based on the information we have is that you pursue both the **PAYROLL PROTECTION LOAN** and **UNEMPLOYMENT** simultaneously. Each situation is different. The gut feeling at the moment (and this can change based

## Federal Relief Running List of Questions and Answers

on new information) is that the **PAYROLL PROTECTION LOAN** will be the best for business owners. If you pursue this please provide us with your experience so that we can spread the word on what you are learning. This information is all still very fluid.

2. <https://www.cnet.com/how-to/coronavirus-UNEMPLOYMENT-payments-applying-and-more/>

### **APRIL 1, 2020**

I know the FFCRA Act will be starting this coming Wednesday, the first of April. I've studied as much as possible and have been in conference calls with council. I have an employee who will have daycare/school issues of a child under the age of 18. Correct me if I'm wrong but he'll be eligible for paid sick leave at two thirds his regular rate of pay up to 80 hours and an additional 10 weeks of paid expanded family and medical leave at two thirds of his regular rate of pay. How will we track this on the time sheet and payroll to make sure we get are money back in tax credits from the government? Will this tax credit come quarterly when you file? Let me know, thanks. If you would rather call me on my cell that is fine also.

1. Yes, that is how we read it as well as you describe. <https://abc11.com/emergency-paid-sick-leave-act-coronavirus-families-first-response-congress/6065804/>
2. In order to track the portion of your payroll related to the tax credit, you will need to make this compensation is very clear in your communications to the individual(s) who handle your payroll. We are all struggling to keep up and prioritizing work to benefit those most in need (clients looking for refunds). You will need to help by making it clear in your communications. The systems for tracking this information are in a state of flux as we learn more about what needs to be done. We appreciate your working with us as we figure it all out. I have notified the individuals who work with your payroll.
  - a. For many small business employers, providing these benefits, particularly during a global pandemic, is challenging.
  - b. Therefore, the government is providing two employer benefits for providing paid sick and family leave payments:
    1. Exemption from employer Social Security tax; 2. Employer payroll tax credits, equal to 100% of the paid leave.
  - c. Normally, employers are responsible for paying 6.2% of each employee's wages for Social Security tax. But, the employer Social Security tax exemption means that you do not have to pay 6.2% on the paid sick or paid family wages you dole out.
  - d. The refundable employer payroll tax credit lets you receive a credit worth 100% of the paid wages you provide, up to \$511 or \$200 depending on the type of leave.
  - e. So, how does this work? Employers are required to withhold federal income, Social Security, and Medicare taxes from employee wages. Employers are also required to contribute the employer share of Social Security and Medicare taxes. But, the payroll tax credit lets you use withheld payroll taxes to cover the amount you owe an employee for paid sick or family leave.
  - f. Let's look at an example. Say you owe an employee \$3,000 in paid sick leave. You owe \$4,000 in payroll taxes to the IRS. Rather than depositing the \$4,000 with the IRS, you can take a \$3,000 credit to cover your sick employee's wages. Then, you would only owe \$1,000 to the IRS.
  - g. The tax credit also lets you take 100% of the employer share of Medicare tax on the paid leave wages as an additional credit.
  - h. If your payroll tax liability doesn't cover the cost of paid sick and family leave, you can request an accelerated credit from the IRS. More information on this is forthcoming from the IRS.
  - i. To claim the credit, you must hold onto necessary documents in your records. Contact the IRS to determine what forms you need to claim the credit. And according to the Department of Labor, you don't need to provide leave if these materials aren't provided.
3. <https://www.patriotsoftware.com/blog/payroll/coronavirus-paid-leave-law/>

Federal Relief  
Running List of Questions and Answers

**A Note about Communication during the Next Few Weeks**

Clients are quite understandably in need of communication. We appreciate the opportunity to assist you. The format of communication with regard to the government relief programs at this time must be in the form of emails. We have to consider and weigh the communication needs of the many compared with the needs of the few. While in-person and individual telephone communication is preferred, we need to focus on helping the most clients in the least amount of time. Please email your government relief questions to [Relief.Q-A@sorgecpa.com](mailto:Relief.Q-A@sorgecpa.com) so that we can work together to get questions and answers disseminated as quickly as possible. Thank you!

**MARCH 31, 2020:**

In 2018 and 2019 my Airbnb income was about \$11,000 each year. That has dropped to \$0 and will likely remain that way for this year. Is there a provision where I can recoup any of that income?

1. I do not know of any relief you can get from loss of rental income. The federal government is focused on funding tenants which should support landlords. Vacation rental income does not appear to be recoverable.

**MARCH 31, 2020:**

How would I go about being exempt from the new coronavirus Family First?

1. The DOL guidance states that businesses with fewer than 50 employees may qualify for 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 as a going concern. The DOL states that it will issue exemption criteria in forthcoming regulations and employers wishing to seek the exemption should document why their business meets such criteria, but not send any such documentation to the DOL. It is also anticipated that the DOL will also issue small business exemption criteria pertaining to paid leave provided for other qualifying reasons under the Emergency Paid Sick Leave Act.
2. <https://www.mintz.com/insights-center/viewpoints/2226/2020-03-25-answers-lingering-faqs-regarding-families-first>

**MARCH 31, 2020:**

I've been researching the paycheck protection program to provide our entity with some assistance during this time of closure. From what I've read, only full-time employee paychecks are eligible. How are "full time employees" defined according to this program?

1. Please provide the article you are referring to. I cannot find where only full-time employees are eligible.
2. <https://www.laboremploymentlawblog.com/2020/03/articles/coronavirus/paycheck-protection-program-cares/>

**MARCH 31, 2020:**

Do you feel this is a good program? It appears that the loan can be **FORGIVEN** if the stipulations are followed. If you feel this is a good program, how do I apply? All the **BANK** offices are closed!

1. This generally appears to be a good program. Applications are through the **BANKs**. If your local **BANK** branch is not open you may need to try finding a connection by browsing the web. That is becoming the world we live in.

**MARCH 31, 2020:**

I went on and applied for the SBA. I did have a question though... It asked about cost of goods sold and I put \$0 because we don't sell products. Can you tell me if that was the right thing to do? I also selected Healthcare instead of personal services so hope that was the right avenue as well.

1. If you do not sell or produce products you are correct, you would have no cost of sales. Zero is correct.

Federal Relief  
Running List of Questions and Answers

2. Yes, you provide home health care services. That would fall under a healthcare.

**MARCH 31, 2020:**

I am currently working to keep my business afloat and have continued to pay my part time employee/allow her to work from home. I anticipate a great decrease in income for 2020. A) What are the steps (links/applications) to apply for a loan/**GRANT** to cover my employee's payroll, office rent, phone, etc.? B) I'm usually paid passively through my LLC, rather than weekly or monthly paychecks. Can I apply for **UNEMPLOYMENT** Insurance during this time - since my income is down (despite the fact I'm still trying to work/keep things going)?

1. These questions are answered in some FAQs from others these last 2 days.
2. You will need to go through a **BANK** in order to apply for an SBA loan.
3. “**SELF-EMPLOYED** workers, **INDEPENDENT CONTRACTORS**, and freelance workers who lose their income are generally not eligible for **UNEMPLOYMENT** benefits. However, the federal government has expanded **UNEMPLOYMENT** benefits to cover **SELF-EMPLOYED** and gig workers. The federal and state governments have expanded sick leave and **UNEMPLOYMENT** benefits, and have enacted legislation to help impacted independent workers, including **SELF-EMPLOYED** individuals and **INDEPENDENT CONTRACTORS**. The Coronavirus Aid, Response, and Economic Security Act (CARES Act) includes the Pandemic **UNEMPLOYMENT** Assistance (PUA) program...The federal and state governments have expanded sick leave and **UNEMPLOYMENT** benefits, and have enacted legislation to help impacted independent workers, including **SELF-EMPLOYED** individuals and **INDEPENDENT CONTRACTORS**. The Coronavirus Aid, Response, and Economic Security Act (CARES Act) includes the Pandemic **UNEMPLOYMENT** Assistance (PUA) program... Eligibility varies from state to state, so if you're not sure whether you're eligible, check with your state **UNEMPLOYMENT** office to find information about who can collect **UNEMPLOYMENT** compensation, and how to go about filing a claim.”
4. <https://www.thebalancecareers.com/can-i-collect-UNEMPLOYMENT-if-i-m-SELF-EMPLOYED-2064148>

**MARCH 31, 2020:**

None of the employees who work for me are off because of illness from the Corona virus, or taking care of someone that is ill. They all work on commission. Do I still give them a paycheck? How do I figure out what to pay them? Maybe an average of a few months, or last year? While the salon is closed I also do not have an income and the benefits of their portions to pay the bills. Am I eligible for the \$10,000. **GRANT** that will be **FORGIVEN**?

1. There are some options. There are still a lot of questions out there without answers.  
<https://www.thompsoncoburn.com/insights/publications/item/2020-03-27/key-tax-provisions-in-the-cares-act>
2. You should be eligible for Employee Retention Payroll Tax Credits. These credits only pay for 50% of the first \$10,000 in wages per employee. This would seem to be a good move, especially to retain your best employees while getting an immediate offset against the expenditure. <https://www.manatt.com/insights/newsletters/covid-19-update/employee-retention-tax-credit-for-employers-subjec>
  - a. <https://www.schatz.senate.gov/coronavirus/employee-retention-tax-credit>
  - b. <https://www.shrm.org/resourcesandtools/hr-topics/benefits/pages/irs-and-dol-unveil-employer-tax-credits-for-covid-related-leaves.aspx>
3. You need to work through a **BANK** in order to get the emergency loan. There is a potential for the loan debt to be **FORGIVEN** under certain circumstances. This link is a flyer which puts some clarity to the potentially forgivable loans. Note that there are no guarantees that loans will be **FORGIVEN**. This is determined on a case by case basis.  
[https://www.uschamber.com/sites/default/files/023595\\_comm\\_corona\\_virus\\_smallbiz\\_loan\\_final.pdf](https://www.uschamber.com/sites/default/files/023595_comm_corona_virus_smallbiz_loan_final.pdf)
4. <https://www.forbes.com/sites/peterjreilly/2020/03/30/paycheck-protection-program-maybe-next-week/#7570598e1082>

Federal Relief  
Running List of Questions and Answers

5. <https://eig.org/news/understanding-the-paycheck-protection-program>k
6. If you lay off employees they can collect **UNEMPLOYMENT** benefits. Yesterday my thought was that this would be the best option for a large number of business owners. With new information and better understanding of the options, the Employee Retention Payroll Tax Credits option would seem to be a good, fast, option for some, especially if you are concerned about losing your best employees. Keep in mind that the Employee Retention Payroll Tax Credit allows a credit but is limited to up to \$5000 per employee and only pays for 50% of wages. It will be important for everyone to do a lot of reading on the topics. The best solutions will evolve over the next week or more.

**MARCH 31, 2020:**

My employees have been temporarily laid off since March 16. I paid everyone through that week for the hours they were scheduled and 80% of hours for the week of March 23-27. The majority of those employees will be at ZERO hours until we re-open on April 20 at the earliest. Will the trickle of income produced by the two full time and myself affect the ability to A) get the loan or B) have the loan **FORGIVEN**ess?

1. The loan **FORGIVEN**ess will be based on several factors. This is complex. The best thing you can do is talk to your **BANK**er and likely fill out an application in order to learn more about what the potential is for loan **FORGIVEN**ess.

**MARCH 31, 2020:**

Through the paycheck protection program, how is the pay calculated? Is it an average of a certain amount of past paychecks?

1. I am guessing that this would be how the pay is calculated. The best thing you can do is talk to your **BANK**er and likely fill out an application in order to learn more about what the potential is for loan **FORGIVEN**ess.

**MARCH 31, 2020:**

Our income sources are private insurance and Medicaid, so we are paid for services rendered. Due to the authorization process, we may not be paid for a client's services for months after the services are rendered. For example, we have an outstanding balance of over \$3,000 for a client since January. Will these payments affect the loan and/or **FORGIVEN**ess?

1. This will be the same answer as above... The loan **FORGIVEN**ess will be based on several factors. This is complex. The best thing you can do is talk to your **BANK**er and likely fill out an application in order to learn more about what the potential is for loan **FORGIVEN**ess.

**MARCH 31, 2020:**

I assume that if this program is used, the employees will not have the option for also claiming **UNEMPLOYMENT**. Is this correct?

1. The actions of employees are independent. If employees have a reduction in income they may be considered at least partially laid off. The employees should contact **UNEMPLOYMENT** in order to determine whether they may be entitled to additional benefits. <https://dwd.wisconsin.gov/covid19/public/ui.htm>

**MARCH 30, 2020:**

In 2019, our daughter was a student at the beginning of the year and we provided her tuition, rent, insurance, etc. up until the end of August. Because of that, we are claiming her as our dependent for 2019 taxes. Since September, she is now on her own with a full-time job, providing 100% of her own living expenses...In the stimulus package just passed by congress and signed into law, supposedly every taxpaying adult is receiving \$1200 plus \$500 per child. I'm not sure how much you know of the details regarding that yet, but my daughter has a question I cannot answer. She is wondering if her 2019 status as a dependent means she won't be receiving the \$1200 stimulus check?



## Federal Relief

### Running List of Questions and Answers

1. “For purposes of getting the \$500 per child, the bill uses the same definition for a child as you'd use for the [child tax credit](#). The sticking point for most parents for this purpose is age: the child must be under age 17 at the end of the tax year. That means you do not get \$500 for a child above the age of 16, even if they live with you *and* eat your food *and* spend your money *and* sleep in your house...And I get that it's unfair. You don't have to send me angry emails. I have a child who fits that bill. She got left out of the stimulus plan. It stinks. But if you want to be mad at someone, be mad at Congress...So if you can't claim your child, you might think that the child could simply qualify on their own for a check. Unfortunately, that's not the case for all adult children: **dependents are not eligible to receive a separate check**. They're excluded under the language in the bill.
2. <https://www.forbes.com/sites/kellyphillipsrb/2020/03/27/high-schoolers--college-students-may-not-be-eligible-for-stimulus-checks/#20030b1619da>

#### **MARCH 30, 2020:**

I am a **SELF-EMPLOYED** freelancer, and 99% of my customers are in Italy. My work has dropped to zero since the lockdown in Italy and I have no idea when or if it will come back. Is there any way I can request relief?

1. It appears that you are entitled to the same relief as anyone impacted by the pandemic if your business is in the United States regardless of who your customers are or where they come from.
2. “**SELF-EMPLOYED** workers, **INDEPENDENT CONTRACTORS**, and freelance workers who lose their income are generally not eligible for **UNEMPLOYMENT** benefits. However, the federal government has expanded **UNEMPLOYMENT** benefits to cover **SELF-EMPLOYED** and gig workers. The federal and state governments have expanded sick leave and **UNEMPLOYMENT** benefits, and have enacted legislation to help impacted independent workers, including **SELF-EMPLOYED** individuals and **INDEPENDENT CONTRACTORS**. The Coronavirus Aid, Response, and Economic Security Act (CARES Act) includes the Pandemic **UNEMPLOYMENT** Assistance (PUA) program...The federal and state governments have expanded sick leave and **UNEMPLOYMENT** benefits, and have enacted legislation to help impacted independent workers, including **SELF-EMPLOYED** individuals and **INDEPENDENT CONTRACTORS**. The Coronavirus Aid, Response, and Economic Security Act (CARES Act) includes the Pandemic **UNEMPLOYMENT** Assistance (PUA) program... Eligibility varies from state to state, so if you're not sure whether you're eligible, check with your state **UNEMPLOYMENT** office to find information about who can collect **UNEMPLOYMENT** compensation, and how to go about filing a claim.”
3. <https://www.thebalancecareers.com/can-i-collect-UNEMPLOYMENT-if-i-m-SELF-EMPLOYED-2064148>

#### **MARCH 30, 2020:**

Is there anything that we need to do in order to get the CARES Act 2020 recovery rebates?

1. The rebate should come to you automatically either as a direct deposit or a physical check based on the filing of your income tax return.

#### **MARCH 30, 2020:**

If I understand the two items below, then even though I don't itemize, I can now deduct up to \$300 for charitable contributions? · Allows an above the line deduction of up to \$300 for charitable contributions and relaxes the limitations on deductible charitable contributions for taxpayers who itemize.

1. Yes, “To incentivize charitable contributions, the CARES Act provides an above-the-line deduction for “qualified charitable contributions” up to \$300 for individuals who do not itemize deductions...The CARES Act also increases the income limitations on charitable deductions by suspending the 50% adjusted gross income (AGI) limitation for 2020...Thus, individuals may deduct qualified contributions in 2020 up to 100% of their AGI. Any excess qualified contributions are carried forward to future years in the same manner as other contribution carryovers.”
2. <https://www.markspaneth.com/insights/industry/service/cares-act-individual-and-business-relief-provisions>

Federal Relief  
Running List of Questions and Answers

**MARCH 30, 2020:**

Based on the below, it looks like we can increase the loss carryover? Should we be filing an amendment based on this? · Temporarily repeals the taxable income limitation for net operating losses and allows a five-year carryback for losses incurred after 2017 and before 2021.

1. The determination of the best course of action will need to be done on a case by case basis. Keep in mind that if you have losses in a pass-through entity, meaning the income or loss is reported on your individual return, these losses will be offset against your income in the year of the entity losses. After this offset if your total taxable income is indeed negative you will have the option of carrying these losses back to prior years in order to offset income in those years. This may be particularly relevant for individuals in preparing the 2020 income tax return. This will be less likely for individuals on their 2019 return.

**MARCH 30, 2020:**

What if we don't have enough work for salaried employees to work the entire week. Can their wages be adjusted? Can I alter their pay if we cut the number of days they work?

1. Employers need to do what they need to in order to survive during this time. There are two options as we understand them:
  - a. Reduce compensation or lay off employees. Unless there is a separate contract or agreement and employer may communicate and adjust compensation whether hourly or salaried. Employees have a safety net in **UNEMPLOYMENT** compensation during this time. This is likely the most straight forward for many small to medium sized business.
    - i. <https://www.fool.com/the-ascent/BANKs/articles/how-apply-UNEMPLOYMENT-wisconsin/>
  - b. Borrow the money through the SBA. There is some potential for loan **FORGIVEN**ess on these loans. You will need to fill out an application. We highly recommend working with a **BANK** which has experience with SBA loans.
2. Your answer here will depend also on the dynamics of your business and employee relationships.

**MARCH 30, 2020:**

We are below the \$198,000 threshold. However, we filed jointly with children. Does that affect our eligibility? If we're eligible, should we expect a \$2400 check, plus \$500 per child? Is there anything we need to do to file for this?

1. Use this calculator:
2. <https://www.washingtonpost.com/graphics/business/coronavirus-stimulus-check-calculator/>

**MARCH 30, 2020:**

We are a two-person company. My husband's work all involved travel, and one of my suppliers is shut down, so our revenue is significantly lower. We are looking three options and need to know which would be best for us: (1) Employee Retention Payroll Tax Credit - we expect our receipts to be less than 50% for the last three quarters of 2020; (2) Paycheck Protection Loan - would this be better for us than #1 assuming the loan would be **FORGIVEN**?; (3) If we would not qualify for either of the above, I need to look into **UNEMPLOYMENT** for the employee.

1. I feel that option 1 may not be enough. The amount of the tax credit is equal to 50% of the first \$10,000 in qualified wages (including health benefits) paid to each employee, up to a maximum tax credit of \$5,000 per employee. For eligible employers with greater than 100 full-time employees, qualified wages are wages paid to employees when they are not providing services. For eligible employers with 100 or fewer full-time employees, all employee wages qualify for the



Federal Relief  
Running List of Questions and Answers

credit. Qualified wages do not include sick leave wages or family leave wages paid pursuant to the Families First Coronavirus Response Act (H.R. 6201).

2. The **PAYROLL PROTECTION LOAN** would seem to be a reasonable option, however, this may involve more time invested in obtaining the loan. You would need to fill out an application. I strongly recommend finding a **BANK** that does SBA loans if you plan to go this route.
3. This is similar to the **MARCH 30, 2020** posed by another individual a couple above on this list and depends on the dynamics of your business. My feeling is that it may make the most sense for many small to medium size businesses to lay off the employees. The question is whether you can retain your employee and have them come back once business improves. As long as your employee can collect **UNEMPLOYMENT** it would seem that this would be an acceptable option for all parties in many cases.
4. <https://www.manatt.com/insights/newsletters/covid-19-update/employee-retention-tax-credit-for-employers-subjec>

**MARCH 30, 2020:**

Is it correct that the EIDL and PPP programs are distinct programs and to apply for PPP, we must go through a **BANK** and not the government directly?

1. Yes, you would need to go through the **BANK**.

**MARCH 30, 2020:**

Given that we are an LLC and owners pay themselves directly via guaranteed payments (and not W2), would these owners wages be considered "Payroll" and go towards the amount we are able to borrow/have **FORGIVEN**?

1. You would be considered **SELF-EMPLOYED**. Therefore, the answer is the same as above in this list:
2. It appears that you are entitled to the same relief as anyone impacted by the pandemic if your business is in the United States regardless of who your customers are or where they come from.
3. "**SELF-EMPLOYED** workers, **INDEPENDENT CONTRACTORS**, and freelance workers who lose their income are generally not eligible for **UNEMPLOYMENT** benefits. However, the federal government has expanded **UNEMPLOYMENT** benefits to cover **SELF-EMPLOYED** and gig workers. The federal and state governments have expanded sick leave and **UNEMPLOYMENT** benefits, and have enacted legislation to help impacted independent workers, including **SELF-EMPLOYED** individuals and **INDEPENDENT CONTRACTORS**. The Coronavirus Aid, Response, and Economic Security Act (CARES Act) includes the Pandemic **UNEMPLOYMENT** Assistance (PUA) program...The federal and state governments have expanded sick leave and **UNEMPLOYMENT** benefits, and have enacted legislation to help impacted independent workers, including **SELF-EMPLOYED** individuals and **INDEPENDENT CONTRACTORS**. The Coronavirus Aid, Response, and Economic Security Act (CARES Act) includes the Pandemic **UNEMPLOYMENT** Assistance (PUA) program... Eligibility varies from state to state, so if you're not sure whether you're eligible, check with your state **UNEMPLOYMENT** office to find information about who can collect **UNEMPLOYMENT** compensation, and how to go about filing a claim."
4. <https://www.thebalancecareers.com/can-i-collect-UNEMPLOYMENT-if-i-m-SELF-EMPLOYED-2064148>

Note that the below questions are those which come to us from various sources, mostly clients. We will answer them based on the best information we have available at the time. We will work to provide the most accurate and timely answers we can. In some cases we may not have found the complete answer or we may have located information and determine previous answers to be incorrect. In these cases we will include better answers in newsletters which follow. Our intent is to communicate providing a Q&A dialogue as many may have the same questions.

Federal Relief  
Running List of Questions and Answers

Because we are getting many requests for information our system for the time being will be to list questions from clients and answer these questions in more frequent newsletters (daily, weekly, or as often as deemed helpful). We feel this will be the most efficient way to get word to those with questions versus attempting to answer each question individually. If you have questions please send them to [Relief.Q-A@sorgecpa.com](mailto:Relief.Q-A@sorgecpa.com). All question are good questions. If you have opted out of our normal

**MARCH 29, 2020:** How do the business loans work that are forgivable? If the business is doing fine financially and doesn't layoff anyone, can they really apply for a loan that's **FORGIVEN** as long as they prove that they don't layoff anyone (that's what several media outlets and experts in the news are saying)? Or is there a catch? If so, what?

1. It appears that **FORGIVEN**ess of loan debt will be based on the validity of the need for such loans in order to pay employees even though revenue cannot support paying employees. Information from sources noted below.
  - a. Financings under these programs place a number of requirements on the businesses that receive federal aid.... Loans, loan guarantees and other investments under the CARES Act will be subject to supervision, audits and investigation by a special inspector general..."
  - b. The CARES Act gives the Secretary of the Treasury broad discretion to make loans and loan guarantees to air carriers (including eligible repair and inspection businesses and ticketing agents) and to businesses critical to maintaining national security. The loans are only available to eligible businesses (generally defined as air carriers and U.S. businesses that have not otherwise received adequate economic relief in the form of loans or loan guarantees under the CARES Act) that have incurred or expect to incur covered losses that jeopardize the business, and all recipients must be organized and conduct a majority of their operations in the U.S.
  - c. Loans under this program will include terms compensating the government for its investment. For example, the loans must be sufficiently secured or bear interest at rates determined by the Secretary of the Treasury that reflect the risk and are not less than the comparable pre-outbreak rates; the government must receive warrants, equity or, in certain cases, a senior debt instrument to benefit in gains of the business; and maturities must be as short as practicable and cannot exceed five years. The loans cannot be **FORGIVEN**.
  - d. Loans under this program also will include limitations on the recipients of federal aid designed to protect the government's investment. Executive compensation and severance benefits will be limited for the term of the loan plus one year. Businesses are restricted from paying dividends and making other capital distributions with respect to their common stock, and businesses and their affiliates are prohibited from buying back public stock (unless contractually obligated prior to the enactment of the CARES Act), until one year after the loan is repaid. Employment levels must be retained until September 30, 2020, to the extent practicable, and in any case cannot fall by more than 10% from the March 24, 2020, levels. The Secretary of Transportation may require air carriers that receive loans under this program to maintain scheduled services to locations consistent with those provided prior to the COVID-19 outbreak.
  - e. <https://www.skadden.com/insights/publications/2020/03/cares-act-provides-much-needed-stimulus#loan>

Federal Relief  
Running List of Questions and Answers

**MARCH 29, 2020:** How does a business take advantage of the sick leave credit? What if they have or didn't have such a policy before?

1. If you have someone who qualifies for the sick leave you must pay them, regardless of your current or past policy. The employer may recover the credit by reducing the payroll tax liability or otherwise requesting a credit. See the prior newsletter:
  - a. The Families First Act generally requires employers to provide an employee with paid sick time to the extent that the employee is unable to work or telework due to a need for leave in any of the following situations:
  - b. · the employee is subject to a federal, state, or local quarantine or isolation order related to COVID-19;
  - c. · the employee has been advised by a health care provider to self-quarantine due to concerns related to COVID-19;
  - d. · the employee is caring for an individual who is either subject to a quarantine order or is self-quarantining (as described in the previous two items);
  - e. · the employee is experiencing symptoms of COVID-19 and seeking a medical diagnosis;
  - f. · the employee is caring for a child whose school or place of care is closed (or child care provider is unavailable) due to COVID-19 precautions; or
  - g. · 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.
  - h. Full-time employees are entitled to 80 hours of paid sick time. Part-time employees are entitled to paid sick time equal to the average number of hours that the employee works over a two-week period. Paid sick time under this provision does not carry over from one year to the next. Additionally, a notice of the requirements under this law must be posted in a conspicuous place on the employer's premises.
  - i. The Families First Act requires that certain employers provide public health emergency leave to employees under the Family and Medical Leave Act of 1993. This requirement generally applies when an employee is unable to work or telework due to a need for leave to care for a son or daughter under age 18 because the school or place of care has been closed, or the child care provider is unavailable, due to a public health emergency. A public health emergency is defined as an emergency with respect to COVID-19 declared by a federal, state, or local authority. The first 10 days of public health emergency leave required under the law may consist of unpaid leave, after which paid leave is required. The paid leave is for the duration of the period provided in the Families First Act, which is a maximum of 10 weeks. The amount of required paid leave under the provision is based on an amount not less than two-thirds of an employee's regular rate of pay, and the number of hours the employee would otherwise be normally scheduled to work. Additional guidance is provided for employees with varying schedules. The paid leave mandated by the Families First Act may not exceed \$200 per day and \$10,000 in the aggregate.

Federal Relief  
Running List of Questions and Answers

- j. Families First Act Employer Tax Credits
- k. *Paid Sick Leave Credit:* 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 determined based on costs to maintain health insurance coverage for the eligible employee during the leave period. A similar credit is available for **SELF-EMPLOYED** individuals.
- l. *Child Care Leave Credit:* In addition to the sick leave credit, for an employee who is unable to work because of a 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 determined based on costs to maintain health insurance coverage for the eligible employee during the leave period. A similar credit is available for **SELF-EMPLOYED** individuals.
- m. Eligible employers who pay qualifying sick or child-care leave can 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 file a request for an accelerated payment from the IRS.
- n. Eligible employers are businesses and tax-exempt organizations with fewer than 500 employees that are required to provide emergency paid sick leave and emergency paid family and medical leave under the Families First Act. Eligible employers can claim these credits based on qualifying leave they provide between the effective date (which is defined as not later than 15 days after the date the Act was signed on March 18) and December 31, 2020.
- o. <https://www.irs.gov/newsroom/treasury-irs-and-labor-announce-plan-to-implement-coronavirus-related-paid-leave-for-workers-and-tax-credits-for-small-and-midsize-businesses-to-swiftly-recover-the-cost-of-providing-coronavirus>

**MARCH 29, 2020:** How does the credit work for **SELF-EMPLOYED** people who saw that they can get a tax credit for taking care of kids while they're home from school? What if they already worked at home anyway?

Federal Relief  
Running List of Questions and Answers

1. If an eligible employer paid \$5,000 in sick leave and is otherwise required to deposit \$8,000 in payroll taxes, including taxes withheld from all its employees, the employer could use up to \$5,000 of the \$8,000 of taxes it was going to deposit for making qualified leave payments. The employer would only be required under the law to deposit the remaining \$3,000 on its next regular deposit date.
2. If an eligible employer paid \$10,000 in sick leave and was required to deposit \$8,000 in taxes, the employer could use the entire \$8,000 of taxes in order to make qualified leave payments and file a request for an accelerated credit for the remaining \$2,000.
3. Equivalent child care leave and sick leave credit amounts are available to **SELF-EMPLOYED** individuals under similar circumstances. These credits will be claimed on their income tax return and will reduce estimated tax payments.
  - a. Presumably those taking this credit will be required to complete some sort of form with their individual income tax return which will include questions determining eligibility to take the credit.

**MARCH 29, 2020:** Is there anything in the new law that can help reduce 2019 income?

1. There is no new provision reducing 2019 income now. There are more relaxed provisions carrying back 2020 losses, once known, back to 2019. We'll see what income looks like for 2020 as we prepare these tax returns in 2021.

**MARCH 29, 2020:** Who will receive the direct payment of up to \$1200?

1. How much you get depends on last year's taxes
  - a. The total amount of your stimulus check will be based on your adjusted gross income, or AGI, from your 2019 federal tax filing or -- if you've not filed this year yet -- your 2018 filing.
  - b. If you've [filed your 2019 federal tax return](#), you can find that figure on line 8b of the [2019 1040 federal tax form](#). It's line 7 on the [2018 1040 tax form](#).
2. Who is eligible for a stimulus payment?
  - a. The amount you'll receive will depend on your total income in 2019 or 2018. Here's who qualifies:
    - If you're a single US resident and have an adjusted gross income less than \$99,000.
    - If you file as the head of a household and earn under \$146,500.
    - If you file jointly without children and earn less than \$198,000.
    - Read on for how your payment is calculated and how much you can expect. You can also look at this [calculator](#).
3. <https://www.cnet.com/how-to/coronavirus-stimulus-check-is-official-find-out-if-youre-eligible-for-up-to-1200/>
  -

**MARCH 29, 2020:** We are trying to quickly apply for the Small Business Administration Disaster Relief Loan and have a few questions. We are looking at this [form](#) and one of our primary questions is if the sales figures relate to revenue or just profits? <https://www.sba.gov/page/disaster-loan-applications>. Should we be listing sales from everything we

Federal Relief  
Running List of Questions and Answers

made or just sales from the business in question? For example, I have a salary with the school district and some consulting work non-related to our short-term rentals. I'm assuming I wouldn't list these sales?

1. I believe the name of the form you are referring to per your link is: ADDITIONAL FILING REQUIREMENTS ECONOMIC INJURY DISASTER LOAN (EIDL), and MILITARY RESERVIST ECONOMIC INJURY DISASTER LOAN (MREIDL).
  - a. First, I highly recommend working with a **BANK** that does SBA lending.
  - b. The questions I believe you are referring to is: Provide monthly sales figures (you may estimate if actual figures are not available) beginning 3 years prior to the disaster and continuing through the most recent month available. **This refers to sales, not net profits.**
2. This form is an attachment to another form you are filing. If the entity you are filing for is a different entity than yourself personally then you would not include non-related salary, consulting or rental income. Therefore, you are correct, you would not list this non-related income.
3. [https://www.sba.gov/disaster/apply-for-disaster-loan/pdfs/Additional%20Filing%20Requirements%20\(SBA%20Form%201368\).pdf](https://www.sba.gov/disaster/apply-for-disaster-loan/pdfs/Additional%20Filing%20Requirements%20(SBA%20Form%201368).pdf)