

FAQ – Changes to the CARES Act and The FFCRA Pay.

With the new stimulus package that was signed into law on December 27, 2020 comes some significant changes to the CARES Act and FFCRA Pay. Below are some frequently asked questions and answers.

> What has changed?

The Federal Families First Coronavirus Response Act (FFCRA) requires that any employer with less than 500 employees provides sick and family leave benefits due to COVID. The leave pay provision for this act was not extended beyond December 31, 2020, however the tax credit was extended through March 31, 2021. Although employers are no longer required to pay FFCRA leave pay, the credit may still be taken for any employees they voluntarily pay FFCRA.

> What hasn't changed?

Qualifying reasons and per employee cap amounts have not changed for the FFCRA leave pay and credits.

> What does this mean?

If an employee has already been paid 80 hours of FFCRA pay and the employer has already received the credit, no additional credits are allowed. If an employee has only received 50 hours of FFCRA pay and the employer has received the credit on that amount, the difference (30 hours) may be paid out and the employer may receive the tax credit on that amount through March 31, 2021.

> What additional changes have been made under the CARES Act?

- » The retention credit will now be 70% of qualified wages up to \$10,000 per quarter for a max credit of \$14,000 per employee. Credit was extended through 6/30/21.
- » Instead of requiring gross receipts to be less than 50% of gross receipts for same quarter in prior year, it is now 80%.
- » Beginning January 1, 2021, the company threshold for retention credit eligibility increases from 100 employees or less to 500 employees or less.
- » If a company receives a PPP loan, they will now be eligible for the Retention Credit, as long as the credit is not claimed for wages paid using proceeds from the loan. This credit can be applied retroactively.

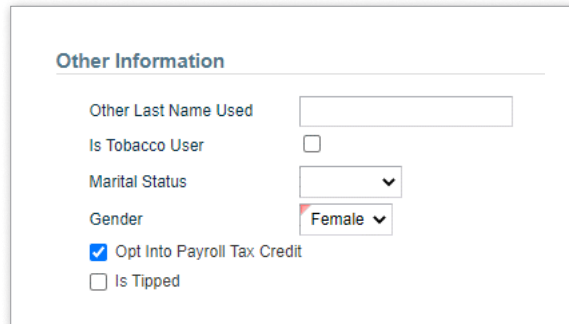
> How do I turn this credit on?

If you qualify, please let a Service Representative know and we will enable the credit on your

If you have questions:

Please contact your Onboarding Specialist by email or by phone at **800.729.5910**.

account. You will need to go into each eligible employee record and opt into that tax credit. (Example below.)



Other Information

Other Last Name Used

Is Tobacco User

Marital Status

Gender

Opt Into Payroll Tax Credit

Is Tipped

› What if I want to go back and apply the credit retroactively?

Manual adjustments will need to be done in payroll and amended returns will need to be filed. Please keep in mind that this is a manual process and will take some time. Additional charges will apply.

Once adjustments are completed in payroll, the adjustments are reviewed in the tax dept and a 941X is prepared.

941Xs will be mailed to the IRS, which is currently their only acceptable reporting format, and once that information is processed by them a credit will be sitting on the account.

Important: Please be aware that there is a substantial backlog with the IRS with processing paper returns, and it could take some time before seeing the 941X posted to the account. Once the 941X has posted to the account, you will receive correspondence from the IRS indicating the overpayment. The IRS will only issue a refund if there are no outstanding amounts due on any other IRS forms.

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