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COVID-19 RESPONSE

CARES Act: Employee Retention and Payroll Tax Deferment

Employers whose business has been fully or partially suspended as a result of governmental orders relating to COVID-19, or who have suffered a greater than 50% decline in gross receipts from the same quarter of the prior year, can receive tax credits equal to 50% of the first \$10,000 of wages paid to each employee that has been idled. To the extent the credit in any quarter exceeds the employer's quarterly taxes, the excess is treated as an overpayment that will be refunded. Businesses with fewer than 100 employees can claim the credit for all employees, whether their business operations were interrupted or not.

The Paycheck Protection Program establishes a loan program for small businesses whose operations have been disrupted by COVID-19. These emergency loans are designed to incentivize small business not to lay off workers and to rehire employees when business conditions stabilize by covering payroll and other costs. The small business loan application will require business owners to provide proof of payroll costs. Loans will be guaranteed by the Small Business Administration and business owners should apply through their bank or credit union.

A business's portion of FICA taxes from now until January 1, 2021 will not begin to be due until December 31, 2021. 50% of the taxes owed is due December 31, 2021 and the second 50% of taxes owed will be due December 31, 2022. Employers may also take a tax credit for the amount of the employers' qualified health plan expenses that may be properly allocated to employees' COVID-19-related leaves.