

CAMEO Federal Advocacy Update
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New Employer Obligations: Effective April 1, 2020 (Under 500 employees)

- Paid Sick Leave
 - Full-time employees can receive up to 80 hours of paid sick leave
 - Part-time employees can receive pay based on the number of hours they would work during an average two-week period
 - Pay capped at \$511 per day and \$5,110 total (if employee is sick) OR two-thirds their regular rate capped at \$200 per day and \$2,000 total (if caring for someone else who is sick)
- Emergency Family Leave
 - Provide employees with up to 10 weeks of paid FMLA (2/3 of regular rate)
 - Paid leave cannot exceed \$200 per day and \$10,000 total for the full 10 weeks
 - Businesses with fewer than 25 employees are not required to reinstate an employee to their position after they return from leave
- Employers can get a 100% quarterly payroll tax credit to cover these expenses
 - IRS FAQ: <https://www.irs.gov/newsroom/covid-19-related-tax-credits-for-required-paid-leave-provided-by-small-and-midsize-businesses-faqs>
- DOL FAQ for employers/employees: <https://www.dol.gov/agencies/whd/pandemic/ffcra-questions>
 - Potential exemption for both for businesses with fewer than 50 employees if these would “jeopardize the viability of the business” – DOL regulations forthcoming

Tax Changes: Employee Retention Credit

- Establishes a refundable credit against employer payroll and for employers that are hurt by the coronavirus but retain their employees
- Credit is for 50% of eligible employee wages paid after March 12, 2020, and before Jan. 1, 2021 – provided for as much as \$10,000 of compensation, including health benefits
- Employers could receive the credit if a government order related to the pandemic requires them to partially or fully suspend operations, or if their gross receipts declined by certain thresholds (alternate rules would apply for tax-exempt organizations)
- Employers with more than 100 full-time employees in 2019 would receive credits for wages paid to employees while they aren't providing services
- Employers with fewer employees would receive credit for wages paid while operations were suspended or during the quarter in which the company had a significant decline in gross receipts
- Employers couldn't receive the credit if they receive a loan under the SBA Paycheck Protection Program
- Employers couldn't use the credit for wages for which they also receive a credit under the work opportunity tax credit or a paid leave credit established by the 2017 tax overhaul
- Wages taken into account for the paid leave credits established under the second coronavirus response law (couldn't also be used for the employee retention credit)
- The credit wouldn't apply to federal, state, or local government employers



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Retirement Accounts Changes

- Includes several retirement plan allowances that are often provided in legislation after major disasters
- Individuals could withdraw as much as \$100,000 from their retirement accounts in 2020 without being subject to a 10% penalty
 - Funds would be treated as a tax-exempt rollover contribution if repaid in the next 3 years - if funds were not repaid, they would be taxed as income over three years
- Individuals would be eligible to make withdrawals if they/ spouse/dependent are diagnosed with COVID-19, or if the pandemic hurts their finances, such as through layoffs or reduced hours
- Eligible individuals could receive loans for the lesser of \$100,000 or the present value of their vested benefits in their employer retirement accounts in the 180 days after the bill's enactment (the limit is currently \$50,000 or half the account's value)
- Individuals affected by the coronavirus with retirement plan loans due by Dec. 31, 2020, would have an extra year to repay
- Modifies certain retirement plan and account minimum distribution rules for 2020

Health Coverage Changes

- Testing
 - Health insurers would have to reimburse providers for all coronavirus testing and related visits
 - Expands the types of coronavirus lab tests that would have to be fully covered by insurance, including tests that have not yet received an emergency use authorization from the Food and Drug Administration
- Vaccines
 - Health insurers would have to cover vaccines and other services intended to prevent COVID-19 without any cost-sharing - requirement takes effect 15 business days after a recommendation from the U.S. Preventive Services Task Force or CDC Advisory Committee on Immunization Practices
- High-Deductible Health Plans
 - Allows telehealth services to be covered under a high-deductible health plan before a patient reaches the deductible for plan years beginning on or before Dec. 31, 2021
- Health Spending Accounts
 - Permanently allows health savings accounts to be used for medicine without a prescription