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Note: This document briefly summarizes provisions of the Coronavirus Aid, Relief, and Economic Security Act (CARES) and the Family First Coronavirus Response Act (FFCRA) which could possibly be of interest to your church. This summary reflects those CARES Act and FFCRA provisions as they are currently understood on 3/31/2020. As guidance is issued that may be applicable, we plan to provide information to you on the guidance.

Please send a copy of any application for a loan to either Susan or Daris, and they will seek the necessary approval of the presbytery.

This information is not intended to be legal or accounting advice, it is rather your per capita dollars at work.

The Presbytery of Tropical Florida is here to help you through this crisis.

Please call any member of the staff with questions or concerns.

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The Coronavirus Aid, Relief, and Economic Security Act

Keeping American Workers Paid and Employed Act
CARES signed into law 3/27/2020

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), enacted on March 27, 2020, is designed to encourage Eligible Employers to keep employees on their payroll, despite experiencing economic hardship related to COVID-19.

1. Paycheck Protection Program (PPP) – Loan Information

(This is not the Florida Emergency Bridge Loan Program.)

(This is not the Economic Injury Disaster Loan (EDIL) which is not forgivable.)

The first thing that you need to do is call your bank and find out if they are participating in this loan program, all banks are not. If your bank is not participating, then contact a bank with whom one of your members has a relationship.

ADMINISTERED BY the Small Business Administration
Call your bank to see if they are participating bank

ELIGIBILITY 501(C)(3) - churches
Individuals who operate as an independent contractor
Self-employed who regularly carry on trade or business

DURATION Eight weeks after getting the loan
Churches have until 6/30/2020 to apply for the loan

LOAN AMOUNT Up to \$ 2 million per employer

- a. for up to 2.5 x Payroll (see CALCULATIONS)
- b. The amount of the loan means that you can pay your employees, payroll taxes and benefits for 2 months and other expenses
- c. Limited up to \$ 100k annual Salary/wages for each employee

PAYROLL costs to include:

For full and part time employees of the church

- a. Salary or wages, payments of a cash tip. Capped at \$ 100,000 on an annualized basis for each employee.
- b. Vacation, parental, family, medical and sick leave

- c. Employee benefits including cost for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payment required for the provision of group health care benefits including insurance premiums; and payment of any retirement benefits.
- d. State and Local taxes *(Florida does not have any state or local payroll taxes.)*
- e. *The Small Business Administration has ruled that Housing Allowance is to be included in these calculations.*

CALCULATIONS

- a. Total your payroll for the period 1/1/2019 through 12/31/2019 (including all the items above). If your church payroll is significantly different in 2020 then the church should request that the period look back should be 4/1/2019 through 3/31/2020.
- b. Divide that total by 12 (12 months)
- c. The result is your average “payroll”
- d. Multiply the average payroll number times 2.
- e. The result is the total loan amount available under this program, e.g.

3/2019 \$ 8,000	4/2019 \$ 9,000	5/2019 \$ 10,000
6/2019 \$ 9,500	7/2019 \$ 9,500	8/2019 \$ 10,000
9/2019 \$ 10,000	10/2019 \$ 10,500	11/2019 \$ 10,500
12/2019 \$ 10,500	1/2020 \$ 10,000	2/2020 \$ 10,000

Total Payroll above is \$ 117,500 for the year.

Divided by 12 ($\$ 117,500/12$) = \$ 9,792

Multiplies by 2 = \$19,584

PLUS 25% $\$ 19,584 \times .25 = 4,896$

This means that this church can get an SBA loan, under this program, of \$ 24,480 (\$19,584 + \$ 4,896)

These new calculations result in the same amount, but it means that you can use the 25% for mortgage, rent, utilities, interest on debt obligations (see below).

Your church will probably need to present the salary and benefits separately.

FUNDS TO BE USED FOR

The loan funds can be used to pay for 8 weeks of expenses during this time including

- Payroll and benefits costs - at least 75% of proceeds of the loan proceeds
- Payroll including vacation, parental and family leave, allowance for dismissal or separation

- Retirement benefits
- Group health insurance benefits
- Paid sick leave
- Medical and insurance premiums
- Rental payments and certain utilities - **electricity, gas, water, transportation, telephone, and internet**
- Interest on any debt obligations that were incurred before the date of the loan application

FUNDS CAN NOT BE USED FOR

- Payment of wages and benefits paid under wither the Families First Coronavirus Response Act or the Emergency Paid Sick Leave Act.

REQUIREMENTS TO BE FORGIVEN

- a. **Each church must apply for forgiveness for the loan. This application cannot be made any sooner than eight weeks after the loan forgiveness.**
- b. The church must maintain the same number of employees through the period in which the funds are used as during a period to be determined.

Staff in 2020 18

Staff in 2019 19

18 divided by 19 = 94.70%

94.70 % of the total Loan Amount will be Forgiven

5.3 % (100 – 94.70 = 5.3) of the total Loan Amount will be paid back over a 10-year period

- c. **The expenses to include in the loan forgiveness must be INCURRED and PAID during the eight weeks following receipt of the loan proceeds.**
- d. **DOCUMENTATION –**
 - i. **Verification of full-time equivalent (FTE) employees. This may include payroll forms like those used to apply for the loan.**
 - ii. **Documentation, such as invoices, cancelled checks, payment receipt, and account statements.**
 - iii. **A certification as to the truthfulness of the information submitted and certifying the loan proceeds were used to retain employees, make mortgage interest payments,**

make rent payments, make utility payments, or were used for some combination of these purposes.

- iv. Any other documentation the SBA Administrator determines is necessary.
- e. The CARES ACT stipulates that a lender must issue a decision regarding the loan forgiveness within 60 days after the date it receives the application for loan forgiveness. However, we should expect delays in the process since loan applications were all submitted within a short time period and it follows that loan forgiveness application will similarly be submitted within a narrow time frame.

LOAN PAYBACK

- a. Payments deferred from 6 to 12 months
- b. No fees are included in the loan
- c. Interest rate less than 1.0%
- d. 2 year payback
- e. No collateral or personal guarantees

APPLICATION

- a. The form can be obtained from your bank **or directly from the Small Business Administration**. See our PPT PPP Training Information for a sample.
- b. Documents for application. These are the documents requested by the bank used by the Presbytery.
 - i. Application (SEE TRAINING VIDEO)
 - ii. IRS Form 940 for 2019 – this is the Federal Unemployment Tax Return (most churches do not file).
 - iii. IRS Form 941 for all four quarters of 2019 or whatever time period is the lookback period.
 - iv. Completed Excel spreadsheet listing each employee by name with a column listing the salary, commissions, benefits, and state/local taxes for each employee (we do not have any state of local income taxes).
 - v. Certificate of good standing confirming you were in business on February 15, 2020. This can be obtained from the Florida Department of State – Division of Corporation – SUNBIZ.ORG.

- vi. Completed Certification of Beneficial Owner. Click [HERE](#) to download the CBO form. There is a box at the bottom of page 2 – check this, fill out the top, and sign.
- vii. Other documents as requested by your bank or the SBA (Small Business Administration).

PPP / CARES Program Payroll and HealthCares Calculations | Year 2019

	Salary, etc.	MINUS \$ Over \$100,000	Retirement	Medical	TOTAL	# Mnth Empld	
President	180,000.00	(80,000.00)	20,000.00	30,000.00	150,000.00	12	
Vice-President	19,000.00		1,500.00	4,000.00	24,500.00	2	Employed for 2 months of the year
Treasurer	50,000.00		2,000.00	3,000.00	55,000.00	12	
Secretary	40,000.00		1,500.00	10,000.00	40,000.00	12	
Marketing	6,250.00				6,250.00	1	5 months 1 day a week
Part Time Director	1,500.00				1,500.00	2	2 months
					277,250.00	41	
		Divided by			12.00	12	
					23,104.17	3.42	
		Multiplies by 2			2.00		
					46,208.33	A	
		Plus 25 % of Amount Above			0.25		
					11,552.08	B	
TOTAL LOAN REQUEST		Add A and B			57,760.42		\$ 57,760.42

- c. HELP in FILING
1-800-659-2955
e-mail disastercustomerservice@sba.gov
- d. Uploading - I contacted our bank and they have provided a portal for uploading the documents.
- e. Please provide a copy of the application to presbytery staff Susan Carpenter or Daris Bultena. This will serve as notification of the application to the Leadership Council. All loans taken out by churches must be approved by the Presbytery.
- f. **Please provide a copy of the loan forms to the presbytery staff, Susan Carpenter (or Daris Bultena).**

AFTERWARDS

After your church receives the loan, the church will need to keep good records of how the church used the loan relief funds because reporting WILL be required. The Presbytery will be by your side as the church negotiates this part of the process.

If at any time your church has concerns about the use of the funds, please contact the Presbytery for assistance.

2. **EMPLOYEE RETENTION CREDIT (ERC)**

The Employee Retention Credit is a fully refundable tax credit for employers equal to 50% of qualified wages (including allocable qualified health plan expenses) that Eligible Employers pay their employees.

May an Eligible Employer receive both the tax credit for qualified leave under the FFCRA and the Employee Retention Credit under the CARES Act?

Yes, but not for the same wages. The amount of qualified wages for which an Eligible Employer may claim the ERC does not include the amount of qualified sick and family leave wages for which the employer receives tax credit under the FFCRA. See page 11.

May an Eligible Employer receive both the Employer Retention Credit and a Paycheck Protection Program (PPP) loan that is authorized under the CARES Act?

NO. An Eligible Employer may not receive the Employer Retention Credit if the Eligible Employer receives a PPP loan that is authorized under the CARES Act. An Eligible Employer that receives a PPP loan should not claim Employee Retention Credits.

ELIGIBLE EMPLOYER

For the purposes of the ERC are those that carry on a trade or business during calendar year 2020, including a tax-exempt organization that either

- Fully or partially suspend operations during any calendar quarter in 2020 due to orders from an appropriate governmental authority limiting commerce, travel, or group meetings (for commercial, social, religious, or other purposes) due to COVID-19; or
- Experience a significant decline in gross receipts during the calendar quarter

SIGNIFANT DECLINE IN GROSS RECEIPTS

A significant decline in gross receipts begins with the first quarter in which an employer's gross receipts for a calendar quarter in 2020 are less than 50% of its gross receipts for the same calendar quarter in 2019. The significant decline in gross receipts ends with the first calendar quarter that follows the first calendar quarter for which the employer's 2020 gross receipts for the quarter are greater than 80% of its gross receipts for the same calendar quarter in 2019. e.g.

Receipts	2019	2020	2020 Receipts Compared to 2019
1 st Quarter	\$ 210,000	\$ 100,000	\$ 100,000 / \$ 210,000 = 48%
2 nd Quarter	\$ 230,000	\$ 190,000	\$ 190,000 / \$ 230,000 = 82%
3 rd Quarter	\$ 250,000	\$ 230,000	

The employer above had a significant decline in gross receipts in the FIRST quarter of 2020, the receipts were less than 50% of the same quarter in 2019. The employer is entitled to an ERC for the

first quarter. The employer above had gross receipts in the second quarter of 2020 of more than 80% of its gross receipts for the same calendar quarter in 2019. The employer is entitled to an ERC for the second quarter but not for the third. The ERC ends with the quarter AFTER the receipts exceed 80%.

MAXIMUM AMOUNT

The credit equals 50% of the qualified wages (including qualified health plan expenses) that an Eligible Employer pays in a calendar quarter.

The maximum amount of qualified wages taken into account with respect to each employee for all calendar quarters is 4 10,000.

Therefore, the maximum credit for qualified wages to any (every) employee is \$ 5,000.

QUALIFIED WAGES

Qualified wages are wages paid by an Eligible Employer to employees after MARCH 12, 2020, and before JANUARY 1, 2021.

Qualified wages include the Eligible Employer's qualified health plan expenses that are properly allocable to the wages.

ELIGIBLE EMPLOYEES

The CARES Act does not require employers to pay qualified wages, i.e. the church is not REQUIRED to pay employees under this Act.

ERC CREDIT

This credit is allowed against the employer portion of social security taxes.

If the anticipated credit for the qualified wages exceeds the remaining federal employment tax deposits for the quarter the Eligible Employer can file FORM 7200, Advance Payment of Employer Credit Due to COVID-19.

Family First Coronavirus Response Act (FFCRA or ACT)

an expansion of FMLA (Family Medical Leave Act)
signed into law 3/18/2020

1. General Information and Rules for the Three Programs Below

- a. There are three programs under this Act.
- b. Churches and self-employed individuals can obtain funds under all three programs.
- c. Programs administered through the Department of the Treasury – payroll tax process.
- d. Businesses with fewer than 500 employees are eligible in this act. There is no minimum number of employees required.
- e. Businesses with fewer than 50 employees are eligible for an exemption from the requirements to provide leave to care for a child whose school is closed, or childcare is unavailable in cases where the viability of the business is threatened. Churches would need to apply for an exception to this program.
- f. This is for ALL employees, full and part time.
- g. Applies to paid leave between the effective dates of 4/1/2020 and 12/31/2020.
- h. This program is administered by The Department of the Treasury – Internal Revenue Service. It is a payroll tax credit.
- i. Any church that withholds payroll taxes for employees is eligible to participate.
- j. Employers will receive 100% reimbursement for mandated paid leave as well as health insurance costs.

The reimbursement happens through a payroll tax credit.

- a. When depositing your payroll taxes, the church subtracts the amount of the paid leave including all taxes from the total taxes owed.
- b. If the paid leave exceeds what the employer would have submitted to the IRS, the employer may request the difference from the IRS. The IRS indicates that it expects to pay the differences as a refund within two weeks of the request.

e.g. 1 Church pays \$ 5,000 in sick leave.
Church is required to deposit \$ 8,000 in payroll taxes.
The church would now be required to only deposit \$ 3,000 (\$ 8,000 - \$ 5,000)

- e.g. 2 Church pays \$ 10,000 in sick leave
Church required to deposit \$ 8,000 in payroll taxes
Church would now request a refund of \$ 2,000 (\$ 8,000 - \$ 10,000)

PASTORS

- a. Some pastors have an estimate of payroll taxes deducted from their payroll and deposited by the church. Some pastors make those quarterly deposits themselves.
- b. Those who have the amount deducted don't have to do anything new – good job.
- c. Those who do their own quarterly deposits need to change what they do, at least in the short term.
- d. For two months the pastors in (c) above need to have the amount of estimated taxes deducted from their payroll as additional withholding. By doing this the quarterly deposit will be made, and you will be able to include the pastor's payroll in the calculations.
- e. The pastor will have the amount deducted and deposited on the W-2 at the end of the year as a credit towards what would normally be quarterly deposits.
- f. FYI – the church will actually not be depositing the taxes, but the church/pastor will get credit as if they made the deposit.

2. Public Emergency Health Leave (PEH)

ELIGIBILITY

PEH leave is leave taken because of a “qualifying need related to a public health emergency”. Where an employee is unable to work (or telework) due to a need for leave to care for his or her son or daughter (under 18 years old) if the child's school or place of care has been closed, or the child's care provider is unavailable, due to a public health emergency. This does not apply to self-quarantining.

Any employee who has been employed for a least 30 days.

WAIT TIME The employee's first 10 days of qualifying leave may be unpaid,

DURATION Up to 12 weeks of leave is available. 2 weeks under Emergency Paid Sick Leave and 10 weeks under the Emergency Health Leave.

AMOUNT TO BE PAID 2/3rd of the employee's regular pay

MAXIMUM AMOUNT Maximum per employee is \$ 200 per day and \$ 10,000 in total.

IRREGULAR WORK SCHEDULE For people working an irregular schedule you will take the previous 6 months and calculate an average

3. Emergency Paid Sick Leave Act of 2020 (EPSLA)

ELIGIBILITY Any church that withholds payroll taxes for employees is eligible to participate.

Any employee who has been employed for at least 1 day.

EPS LEAVE IS REQUIRED in six situations

- a. Is subject to a federal, state, or local quarantine or isolation under order related to COVID-19.
- b. Has been advised by a health care provider to self-quarantine due to concerns related to CO-19.
- c. Is experiencing symptoms of COVID-19 and seeking a medical diagnosis.
- d. Is caring for an individual who is (1) is subject to a federal state, or local quarantine or isolation order related to COVID-19, or (2) has been advised by a health care provider to self-quarantine dues to concerns related to COVID-19.
- e. Is caring for a son or daughter of such employees if the school or place of care of the son or daughter has been closed, or the childcare provider of such a child is unavailable, due to CO-19 precautions, or
- f. Is experiencing any other substantially similar condition specified by the Secretary of Health and Human Services.

Reason(s)	Pay rate	Max/day	Max total
<ul style="list-style-type: none"> • Government-ordered quarantine • Medical provider-advised quarantine • COVID-19 symptoms 	Regular pay rate or minimum wage, whichever is higher	\$511	\$5,111
<ul style="list-style-type: none"> • Caring for quarantined individual • Caring for child • Other DHHS-approved reason 	2/3 regular pay rate or 2/3 minimum wage, whichever is higher	\$200	\$2,000

DURATION 80 hours or the normal hours worked in a two-week period

AMOUNT TO BE PAID Leave caused by a, b, or c - employees must receive their regular rate of pay
Leave caused by d, e, or f - employees must receive 2/3rd of their regular pay

MAXIMUM AMOUNT a, b, or c - \$ 511 per day or \$ 5,110 total
d, e, or f. - \$ 200 per day or \$ 2,000 total

4. Health Care Costs Credit

An employer may receive a credit above and beyond the above maximums by adding an amount equal to the cost of maintaining health insurance coverage for the eligible employees during the paid sick leave credit.

Not sure whether this credit will cover both the employer and employee shares of health insurance coverage.

FEMA Support

From the FEMA website:

Corona Disease 2019

“We are working with the White House Coronavirus Task Force, Department of Health and Human Resources and state, local, tribal and territorial governments to execute a Whole of America response.”

Florida is currently not in an area declared a disaster area for Individual Assistance (IA).

Once it is a declared area then the following assistance is available.

FEMA Helpline 1-800-621-FEMA (3362) 7am – 10 pm ET 7 days per week

www.Disaster Assistance.gov

1. Unemployment Assistance

For those who have become unemployed or partially unemployed as a result of a Presidential disaster declaration approved for Individual Assistance (IA) and who are not eligible for regular State Unemployment Insurance

Most states exempt churches from paying unemployment taxes and most churches do not pay unemployment taxes. Therefore, most church employees are not eligible to collect unemployment benefits.

Dislocated Workers Grant

Disaster Unemployment Assistance

2. Funeral Assistance

FEM provides financial assistance under the Other Needs Assistance (ONA) provisions of the Individual and Household Program (IHP) to households with disaster-caused funeral expenses.