Virtual Meeting: Paycheck Protection Program

April 2, 2020

Please submit questions for the speakers in the “Chat” or email cpconaway@labi.org. Text “LABI” to 66866 for daily updates.

1. SBA Economic Injury Disaster Loans
   Applications available now online at SBA.

2. Paycheck Protection Program (Forgivable Loan)
   Applications open tomorrow at your lender.

3. Employee Retention Credit & Payroll Tax Deferral
   More information forthcoming from US Treasury
• Megan Bel Miller, Chief of Staff, and Marty Reiser, Deputy Policy Director to House Republican Whip Steve Scalise
  Washington, DC

• Nimi Natan, Division President and CEO, Gulf Coast Small Business Lending, Gulf Coast Bank & Trust
  Dallas, TX

• Michelle Potter, Manager, Employment Tax, Ryan
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PAYCHECK PROTECTION PROGRAM

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EMPLOYEE RETENTION CREDIT & DEFERRAL OF EMPLOYER PAYROLL TAXES

Michelle Potter
Manager, Employment Tax
Ryan
WHAT IS THE EMPLOYEE RETENTION CREDIT?
• Refundable employment tax credit to be used against employer quarterly social security tax

WHO IS AN ELIGIBLE EMPLOYER?
1. Employers that have –
   • Been fully or partially suspended due to government authority, OR
   • Experienced significant declines in gross receipts (50%) compared to the same quarter during the previous year

2. Employers that have not received the Paycheck Protection Program (PPP) loans (Sect 1102)

   Note: Governmental employers and self-employed individuals are not eligible.

HOW DOES THE EMPLOYEE RETENTION CREDIT WORK?
• 50% tax credit on up to $10,000 of qualified wages paid per employee (March 13 – December 31, 2020)

  Qualified Wages
  ➢ Employers with > 100 employees – Wages paid while an employee was not providing services
  ➢ Employers with < 100 employees – Wages paid while an employee was or was not providing services

• Credit is applied against quarterly social security tax obligations

ARE THERE EXCEPTIONS?
• Cannot include wages otherwise credited:
  ➢ Family First Coronavirus Response Act
  ➢ Work Opportunity Tax Credit (WOTC)

• Business resumes operation OR gross receipts rise to be greater than 80% of the same calendar quarter in the preceding year
WHO IS ELIGIBLE FOR THE DEFERRAL OF EMPLOYER PAYROLL TAXES?

- Employers who have not received loan forgiveness from PPP loan (Sect 1102) or US Treasury Program Management Authority loans (Sect 1109)

HOW DOES IT WORK?

- Employer may defer the payments associated with the employer portion of Social Security Tax Obligations as follows:
  
 ➢ 50% due December 31, 2021
  ➢ 50% due December 31, 2022

- Deferral Period: March 27 – December 31, 2020
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