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# Coronavirus Pandemic

## An Overview and Update of Recent Federal & State Laws Requirements and Opportunities

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# Coronavirus Pandemic

## Key New Laws

- **Families First Coronavirus Response Act**
  - Helps employees laid off because of COVID-19
- **Coronavirus Aid, Relief, and Economic Security (CARES) Act**
  - Designed in part to help small businesses
  - Unemployment Insurance Benefits



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## Families First Coronavirus Response Act

- Two Weeks of Paid Sick leave  
**IF** unable to work
  - Quarantine (100% up to \$511/day)
  - Dr.'s Orders(100% up to \$511/day)
  - Sick (100% up to \$511/day)
  - Caring for sick (2/3<sup>rd</sup> up to \$200)
  - Caring for children because no school or daycare (2/3<sup>rd</sup> up to \$200)
- **But must have work for employee**



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## Families First Coronavirus Response Act

- 12 Weeks of Paid Family leave
  - If caring for child because school or child care closed.
  - 2 weeks without pay
  - 10 weeks at 2/3<sup>rd</sup> pf pay up to \$200
  - **But must have work for employee**
- Act applies if laid off after March 31, 2020
- Exemption possible if under 50 employees
  - Self-determined
  - "[T]he small business's expenses and financial obligations exceeding available business revenues and cause the small business to cease operating at a minimal capacity."



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## Families First Coronavirus Response Act

- Tax Credit for 100% sick and family leave paid
  - Retain otherwise-owed payroll taxes up to an amount paid leave
  - If insufficient, an expedited payment from the IRS
  - An advance payment available



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## Coronavirus Aid, Relief, and Economic Security (CARES) Act

Four main provision for Small Businesses.

- Forgivable Small Business Act (SBA) “Payroll Protection Program (PPP) loans
- Employment Retention Tax Credit
- Emergency SBA loans and grant
- Unemployment Benefits for Self-Employed



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## Coronavirus Aid, Relief, and Economic Security (CARES) Act

### SBA Payroll Protection loans

- Amount:
  - 2.5 × average payroll expenses for past 12 months
  - Plus
  - Economic Injury Disaster Loan (EIDL) made between January 31, 2020 and April 3, 2020
- Can be used for payroll and certain business expenses
- Independent contractors, self-employed, sole proprietors can get
- Up to 100% can be forgiven



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## Coronavirus Aid, Relief, and Economic Security (CARES) Act

### SBA Payroll Protection loans

- UPDATE:
  - Pay to independent contractors not included in payroll costs
  - Forgiveness
    - 75% must be used for payroll costs
    - Confusion over covered period
      - From Feb. 15, 2020, or
      - "8-week period beginning on the date of the origination of a covered loan"
  - New legislation to increase amount





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## Coronavirus Aid, Relief, and Economic Security (CARES) Act

### Employment Retention Tax Credit

- Did not apply for Payroll loan
- 50% loss in gross receipts
- Tax credit =
  - 50% of pay to all employees if under 100
  - 50% of employees not working if over 100
- Stops when receipt greater than 80% or 12/31/2020



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## Coronavirus Aid, Relief, and Economic Security (CARES) Act

### Emergency SBA loans and grant

- Lowers loan requirements, waives most fees, eliminates personal guarantees and collateral
- Immediate \$10,000 grant to be paid within 3 days
  - Forgiven if no loan
  - But deducted from amount of payroll loan forgive
- Can get if have payroll loan if use for different obligations
- Independent contractors, self-employed, sole proprietors can get



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## Coronavirus Aid, Relief, and Economic Security (CARES) Act Pandemic Unemployment Assistance (PUA)

- Unemployed, partially unemployed, or unable to work after January 26, 2020 due to COVID-19 related reasons listed
- Self-employed, or
- “[N]ot eligible for regular compensation or extended benefits”
  - LLCs are self-employed
  - S-corps less clear
    - If not PUA
    - May be eligible regular unemployment benefits
- Bottom line—Apply



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## State Law Developments

- Shelter in Place Orders
- Business interruption Insurance
  - Louisiana, Massachusetts, Pennsylvania ,New Jersey, and NY
  - Requires insurers to cover business interruption claims due to COVID-19.
  - Grassroots Campaign
- State Aid Programs
  - Grants, loans, extended lines of credit, loan guarantees, etc.
  - Check them out
    - <https://www.zenefits.com/workest/the-big-list-of-covid-19-financial-assistance-programs-for-small-businesses-by-state/>