

HSC CORONAVIRUS COMMUNICATION

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March 19, 2020



HSC COVID-19 Fast Response Team **We are here to help!**

In these uncertain times with multimedia channels reporting conflicting and sometimes incorrect information, our firm is working to add clarity to this situation by providing new and verified information as it becomes available to us. We have also set up a [Coronavirus Resource Center](#) on our website for ongoing information.

In addition, we have created the HSC COVID-19 Fast Response Team to serve our clients in addressing the difficult decisions they are being faced with on a daily basis. This dedicated multi-disciplinary team consists of our tax, payroll, HR, capital markets and accounting professionals.

If you have questions or would like to speak with this team please contact your HSC team member or Kyle Winger, CPA, CICA, CVA, CFE at kwininger@hscpa.com.



IRS and Indiana DOR Guidance on Extension of Time to Pay Taxes

IRS Defers Tax Payments, Filing Deadline Remains 4/15

In response to the Coronavirus pandemic, the Internal Revenue Service (IRS) as well as the Indiana Department of Revenue (Indiana DOR) announced that tax payer's affected by the pandemic may defer federal and Indiana tax payments until July 15, 2020. It appears that this will include first quarter estimates. Official guidance has been given that the due date for filing one's tax returns remains April 15, 2020.

For more information, or to read the Internal Revenue Service guidance [click here](#). To read the full article from the Indiana Department of Revenue, [click here](#). For any questions, please contact Mike Vogel, CPA at mvogel@hscpa.com or John Rittichier, CPA jrittichier@hscpa.com

SBA Announces Disaster Assistance Loan Program

On March 12th the U.S. Small Business Administration announced that it will provide disaster assistance loans for small businesses affected by the coronavirus outbreak in designated states and territories. Jovita Carranza, SBA Administrator, stated in a press release that the SBA "will work directly with state governors to provide targeted, low-interest disaster recovery loans to small businesses that have been severely impacted by the situation." The SBA's Economic Injury Disaster Loans would offer up to \$2 million in assistance through low-interest loans for working capital to small businesses suffering substantial economic injury as a result of the Coronavirus (COVID-19).

According to the SBA statement: "These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact. The interest rate is 3.75% for small businesses without credit available elsewhere; businesses with credit available elsewhere are not eligible. The interest rate for non-profits is 2.75%."

For more information, read the [full article](#) or contact Kyle Winger, CPA, CICA, CVA, CFE at kwinger@hsc CPA.com.

High Deductible Health Plans Can Cover Medical Costs for Coronavirus

On March 11, 2020, the IRS issued Notice 2020-15 that allows high deductible health plans (HDHPs) to pay for testing and treatment of the coronavirus (COVID-19) without jeopardizing their tax status. Consequently, an individual enrolled in an HDHP that covers these costs continues to be eligible to contribute to a health savings account (HSA).

For more information, read the [full article](#) or contact Matt Folz, CPA at mfolz@hsc CPA.com.

Originally published by Jill Harris, Senior Director, RSM US on March 12, 2020 and originally appeared in the Coronavirus Resource Center.

Families First Coronavirus Response Act

The provisions discussed below become effective April 2, 2020 and end at the end of 2020. These rules apply to employers with less than 500 employees.

The Families First Coronavirus Response Act recently signed into law by President Trump is designed to do two things:

1. Provide a safety net for employees of companies with less than 500 employees who cannot work due to Coronavirus related situations.
2. Provide employers a mechanism to be reimbursed, via payroll tax credits to be claimed on the quarterly 941 tax form, to allow them to fund these new required payments to employees.

Please note that this act does NOT require employers to pay employees if they are not working due to a business closure, lay-offs due to slow business or furloughs (unemployment applies).

There are two primary ways in which this act addresses providing a safety net to employees. They are the "Emergency Paid Sick Leave" component and the "Emergency Family and Medical Leave Expansion" component of the act.

Emergency Paid Sick Leave Component

This provision provides for up to 2 weeks of fully paid leave for the reasons discussed below for any employee of the company and there is no waiting period to be eligible for this portion of the law. This portion of the act requires employers to provide:

1. 80 hours of fully paid sick leave to full time employees or
2. Two weeks of fully paid sick leave to part time employees, based on the average hours that the part time employee works.

This paid leave requirement would be triggered if an employee is unable to work for one of six

reasons:

1. To self-isolate due to federal, state or local requirements.
2. To quarantine due to COVID-19 concerns on the advice of a health care provider.
3. To obtain medical diagnosis or medical care if the employee has COVID-19 symptoms
 - a. Please note these first three categories are referred to as "Self-Care Leave" to be discussed further below.
4. To care for someone (not limited to family) experiencing one of the first two situations listed above.
5. To care for the employee's son or daughter if the school or day care provider has closed or if the day care provider is no longer available due to COVID-19.
6. The employee is experiencing another substantially similar condition to those above.

Leave in the first 3 categories, called "Self-Care Leave," has to be paid at the employees full normal rate of pay but that is capped at \$511 per day or \$5,100 total for each employee. Leave in the last 3 categories, called "Family Care Leave," has to be paid at 2/3's of their normal rate of pay but that is capped at \$200 per day or \$2,000 total for each employee.

Emergency Family and Medical Leave Expansion Component

This provision requires employers (even those with less than 50 employees who are not normally subject to normal FMLA rules) to pay compensation after the first two week period has lapsed in the Emergency Paid Sick Leave Component just discussed.

This new category of leave under FMLA rules is referred to as "Public Health Emergency Leave" and requires employers to pay employees who are unable to work due to a need to care for a child under age 18 if school or day care is unavailable due to Covid-19. Under this rule, employers are required to:

1. Provide "Public Health Emergency Leave" as part of FMLA leave.
2. Provide "Public Health Emergency Leave" if needed by ANY employee who has been employed for at least 30 calendar days.
3. Pay eligible employees at a leave rate of NO LESS than 2/3's of their normal rate of pay. This kicks in after 10 days have passed. This pay is capped at \$200 per day and \$10,000 in total per each employee.

Please note that employers with fewer than 25 employees may be allowed an exception from providing this type of leave if certain conditions are met (yet to be defined). Also, employers of health care providers or emergency responders could elect to exclude those types of employees under this requirement.

It is important to note that this provision is in addition to all normal FMLA rules that already exist for employers that must comply with the existing FMLA rules.

For more information contact Matt Folz, CPA at mfolz@hsc CPA.com.

Keeping Other Members of Your Team Informed

If you would like other members of your team to begin receiving this communication, please forward to each individual and they can subscribe [here](#) or email Leslie Wight at lwight@hsc CPA.com and she will add them to the communications.



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