

Recent Legislative Opportunities



PPP2 Deadline is March 31, 2021; Don't Leave Money on the Table!

- Second round of Paycheck Protection Program (PPP2) loans is open
 - Forgivable loan: must be spent on eligible expenses (like payroll, mortgage interest, utilities, rent, and certain other expenses)
 - If you meet the conditions, then loan may be forgivable; and the loan forgiveness may not constitute taxable income
- To qualify for the PPP2, your business must:
 - have 300 or fewer employees;
 - have previously received a First Draw PPP loan;
 - have used the full amount of the prior PPP loan only for authorized uses; and
 - have experienced at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020.
- Applications can typically be submitted through your local bank. There are a number of financial organizations that are also processing these loans for businesses who don't want to use their local bank. The deadline for applying for this program is March 31, 2021.



Public Law 117-7 (March 11, 2021)

Tax Credits – Expanded and Extended

- Credit for Paid Sick Leave - expanded
- Credit for Paid Family Leave – expanded
- Employee Retention Credit – extended

Aviation Jobs Protection

- Payroll Support for Manufacturers, Repair Stations and Certain AS9100 Suppliers



Emergency Paid Sick Leave Act

- Originally based on the Families First Coronavirus Response Act, which was passed last year
- Required certain employers (< 500 employees) to provide paid sick leave for certain Covid-19 circumstances (“qualified sick leave wages”)
 - An employee who has been advised to self-quarantine;
 - An employee seeking medical attention for COVID-19 symptoms;
 - An employee caring for someone who is self-quarantining or seeking medical attention;
 - An employee caring for a child whose school or place of care is closed or whose child-care provider is unavailable for reasons related to COVID-19
- *Requirement expired December 31, 2020*
- *Allowed a credit when providing qualified sick leave wages*



Credit for Qualified Sick Leave Wages

- Sick leave is paid at the employee's regular rate of pay if it is used for the employee's own needs, but the credit amount is capped at \$511 per day for up to 10 days (\$5,110 in total)
- Sick leave is paid at 2/3 of the employee's regular rate of pay if it is used for the employee to care for another, in which case the credit amount is capped at \$200 per day for up to 10 days (\$2,000 in total)
- *Had been scheduled to expire March 31, 2021*



Expansion of Credit for Paid Sick Leave

- Qualified sick leave wages are expanded to include those paid for:
 - Seeking or awaiting results of COVID–19 testing after (a) exposure to COVID–19 or (b) employer requested for such test or diagnosis;
 - Covid-19 immunization;
 - Recovering from immunization after ‘medical diagnosis’
- Credit is extended through September 30, 2021 (from prior end point of March 31, 2021)
- Credit is applied against employment taxes, and is refundable if it exceeds employment taxes
- Work with your accountant to recognize this credit!



Emergency Family and Medical Leave Expansion Act

- Originally based on the Families First Coronavirus Response Act, which was passed last year
- Required certain employers (< 500 employees) to provide two weeks of unpaid FMLA leave (*covered by sick leave*) followed by ten weeks of paid FMLA leave for certain Covid-19 circumstances:
 - An employee who is caring for a child whose school or place of care is closed or whose child-care provider is unavailable for reasons related to COVID-19
- *Requirement expired December 31, 2020*
- *Allowed a credit when providing qualified sick leave wages*

Credit for Emergency FMLA Leave

- Emergency FMLA leave is paid at 2/3 of the employee's regular rate of pay, in which case the credit amount is capped at \$200 per day for up to 50 days (\$10,000; \$12,000 total including sick leave)
- *Had been scheduled to expire March 31, 2021*



Expansion of Credit for Emergency FMLA Leave

- Credit is extended through September 30, 2021 (from prior end point of March 31, 2021)
- Credit is applied against employment taxes, and is refundable if it exceeds employment taxes
- Work with your accountant to recognize this credit!



Employee Retention Credit

- Eligible employer:
 - Operation was fully or partially suspended due to government orders limiting commerce, travel, or group meetings due to COVID-19, or
 - Quarterly gross receipts were below 50% of the Quarterly gross receipts from the prior year
- Applies to wages paid between March 13-Dec 31, 2020 [CARES Act]
- Credit amount is equal to 50 percent of qualified wages with respect to each employee for each applicable calendar quarter in 2020 – but applicable 2020 wages are capped at \$10,000 so maximum 2020 credit is \$5,000

Extension of the Employee Retention Credit

- Extended to include the period January 1, 2021 – June 30, 2021 [Taxpayer Certainty and Disaster Tax Relief Act of 2020]
 - Increased to 70% of wages and maximum \$7000 per employee per quarter
- Extended to include the period July 1, 2021 – December 31, 2021 [American Rescue Plan Act of 2021]
 - Continues the level of 70% of wages and maximum \$7000 per employee per quarter
- Refundable credit applies to employment taxes
- Doesn't apply to wages paid from PPP funding



Payroll Support for Manufacturers, Repair Stations and Certain AS9100 Suppliers

Public Law 117-7, Sections 7201-02 (March 11, 2021)

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What Sort of Payroll Support?

- Pick an “eligible employee group” of up to 25% of your total U.S. workforce
 - Each employee can only be compensated \$200,000 or less
 - The “eligible employee group” must be engaged in eligible activities
- U.S. government will pay (reimburse you for) up to 50% of the salary of the “eligible employee group”
- Purpose:
 - Maintain compensation level for the eligible employee group
 - Facilitate retention, rehire, or recall of employees



Who Is Eligible

- Manufacturers: actively manufactures under an FAA production approval (PC, PMA, TSOA)
- Repair Stations: MRO under a Part 145 certificate
- Suppliers: “operates a process certified to SAE AS9100 related to the design, development, or provision of an aviation product or service, including a part, component, or assembly”

