

# A Discussion Involving Managing through the Corona Crisis

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<https://efprgroup.com/covid-19-updates-and-response/>

# CORONAVIRUS COVID-19

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## Updates and Firm Response

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# Presenters



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# Agenda

- Managing Cash Flow
- Tax Due Dates
- Government Incentive Programs
- Human Resource Issues
- Managing Staff Remotely

# Perspective

- Crisis hit quickly and may be long-lasting
  - March month-end/April 1 is first big date for monthly cash outlays
  - False sense of security for some who are still operating uninterrupted
  - In a matter of weeks, we've trampled over HIPPA, Wage & Hour Guidelines and hoarded food and supplies.





# Managing Cash Flow



- *Essential vs. Non-Essential discussion*
- A run on the bank – maximizing your line-of-credit?
- Payroll – layoffs (temp or perm), partial layoffs, pension contributions
- Expenses – essential vs. non-essential
- Leases, debt service, etc. – deferment or interest only
- Government programs for businesses and employees (to be discussed)
- Monitoring your AR and Cash
- How do you budget?

# Revenue – Sales to Cash

- Communicate with customers
  - “No news is bad news”
  - Live your brand – website, email, social media
  - Stay in touch with your customers
- Brainstorm alternative revenue sources
  - Take out, delivery, discounts, etc.
- Invoice promptly and monitor collections
  - Consider accelerating forms of payments – such as deposits, credit card sales, greater discounts for cash or more prompt payments, etc.



# Tax Due Dates



- **Personal Tax Returns** – Original filing date = 4/15 with a 6-month extension to file the return but not for amounts due
- Corona – due dates for personal returns extended to 7/15 including all amounts due
- For those paying estimates – 1<sup>st</sup> quarter now due 7/15 but 2<sup>nd</sup> quarter still due 6/15?
- NYS now following feds for delay in payments and filing
- IRA contributions now due 7/15 – no RMD's for 2020
- No 10% early penalty on retirement dist. for corona-related issues
- \$300 above the line deduction for corona contributions
- What about interest and penalties?



# Tax Due Dates



## **Sales Tax Returns** - Tax relief for quarterly and annual filers sales tax vendors affected by COVID-19

- If you are a quarterly or annual sales tax vendor, and you were unable to file or pay your March 20, 2020, sales tax return due to COVID-19, you may be eligible to apply to have penalty and interest waived and up to 60 days to remit.
- <https://www.tax.ny.gov/press/alerts/sales-tax-relief-for-covid-19.htm>

## **C Corporation Tax Returns** - Original filing date = 4/15 with a 6-month extension to file the return but not for amounts due

Corona – due dates for corporate returns extended to 7/15 including all amounts due.

*As per the IRS - taxpayers can also defer federal income tax payments due on April 15, 2020, to July 15, 2020, without penalties and interest, regardless of the amount owed. This deferment applies to all taxpayers, including individuals, trusts and estates, corporations and other non-corporate tax filers as well as those who pay self-employment tax.*

# Tax Discussion



- Paying online versus sending in a check – auto debiting through my tax return?
- How long will it take for my refund?
- Is the IRS working thru this crisis?

# Government Incentives



## Individuals:

- Stimulus Check - \$1,200/\$2,400 + \$500/child
- People with little or no tax liability would get at least \$600 (or \$1,200 for joint returns). *"Refundable Tax Credit"*
- Families receive an addition \$500 for each qualifying child claimed as a dependent.
- The payment would be progressively reduced for higher-income earners, starting at \$75,000, or \$150,000 for a joint return.
- Individuals earning more than \$99,000 wouldn't qualify at all.
- Married couples filing jointly are eligible for a \$2,400 check if their household income is below \$150,000. Similarly, that amount is reduced gradually up to \$198,000.

# Government Incentives

## Individuals:

- Retired eligible
- Checks non-taxable
- 3 weeks to 2 months to receive
- Faster if IRS has your bank info



# Government Incentives

## Businesses:

- Small Business \$10k loans <50 employees  
Total program has \$500k  
Monroe County (check your local county)
  - <https://www2.monroecounty.gov/economic2-index.php>
- SBA Economic Injury Disaster Loan Program
  - For Profit and NFP
  - Up to 30 year amort
  - Less than \$25k, no collateral – up to \$2M
  - 2.75% NFP, 3.75% FP
  - Be in business 1 full year and located in a disaster area
  - Takes a few months for approval
  - <https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>



# Government Incentives

## Businesses:

### CARES – Employee Retention Credit

- Credit against employment taxes = 50% of qualified wages (including health benefits) paid to employees who are not working due to the employer's full or partial closure or decline in sales
- Available quarterly limited to \$10k/employee in aggregate
- Wages paid 3/12/20 – 12/31/20

### CARES – Payroll Tax Deferral

- Payroll taxes for companies and SE individuals due from signing date thru 12/31/20 may be deferred with half due 12/31/21 and remainder on 12/31/22
- Only applies to employer half of FICA and not Medicare

### CARES – Other

- 5-year carryback of NOL's arising in 2018-2020
- Accelerated depreciation for 15-year leasehold improvements
- Forgiveness of debt not taxable for small business loans, mortgage obligations and other loans





# Government Incentives



## Businesses:

Keeping American Workers Employed (a section of CARES)

- Paycheck Protection Program – Grand Daddy of them all
- 8 weeks cash flow assistance (2/15 – 6/30) - thru federal loans to small business <500 employees including NFP
- Covered payroll would include wages, retirement, health, etc. (max \$100k/employee)
- Size of loan = up to 250% of average monthly payroll – maximum \$10M
- Loans made through SBA certified lenders including banks and credit unions
- 4% up to 10 year borrowing period – no personal guarantees
- Loan would be forgiven in an amount equal to the sum of payroll costs, payments of interest on any covered mortgage, payments on any covered rent obligations, and covered utility payments. The amount to be forgiven would be reduced if the business reduced its workforce, and the forgiveness would not apply to payroll costs of any employees who were paid more than \$100,000 in 2019. And the best part, unlike other debt that is forgiven by the lender, any amount forgiven under this program will be excluded from gross income.

# Workforce Planning – HR Issues

- Furlough vs. Layoff Discussion



Category	Furlough	Layoff
Unemployment Benefits	Probably but PTO may impact	Yes but severance could impact
Health Insurance	Discuss with provider – may or may not be able to recoup employee portion	COBRA required
PTO/Vacation Payout	In NYS – probably even if policy requires payment on termination	Default to your policy, if silent, then must be paid out
WARN Act	If intention is period < 6 mos, not “employment loss” for Warn Act	May constitute “employment loss” for WARN act
Written Notice	Probably not but recommended	Required within 5 days of termination

# Workforce Planning – HR Issues

- Furlough vs. Layoff Discussion
- Unemployment requirements in your state
  - Partial claims and waiting periods
- The Families First Bill
  - Expected effective date: April 1
  - Applies to companies with under 500 employees
  - Most small companies will be eligible for Tax Credit reimbursement
  - Emergency Family and Medical Leave Act
  - Emergency Unemployment Stabilization Act
  - Emergency Paid Sick Leave Act



# Workforce Planning

- NYS Paid Family Leave - discussion
- NYS COVID-19 Sick Leave
  - Effective 3/18/20
  - Goes hand in hand with NYS PFL Act
  - If under mandatory quarantine or precautionary order of isolation, employee receives 14 days paid sick leave (enhanced PFL)



## COVID-19 Leave Laws

	Emergency FMLA-Federal	Emergency Paid Sick Leave-Federal	NY Paid Sick Leave				
Reason for Leave	Public Employer or Private Employer with 500 or Less Employees	Public Employer or Private Employer with 500 or Less Employees*	Public Employer	Private Employer with 10 or less Employees (with less than \$1M net income)	Private Employer with 10 or less Employees (with more than \$1M net income)	Private Employer with 11-99 Employees	Private Employer with 100 or more Employees
Employee is unable to work/telework in order to care for son or daughter (under 18) due to school closure or unavailability of child care due to a public health emergency declared and/or COVID-19 precautions due to COVID-19.	First 10 days is unpaid (federal paid sick leave may apply), then 10 weeks of paid time. 2/3 of the employee's regular rate is provided up to a maximum of \$200/day (\$10,000 aggregate)	Full-time = 80 hours Part-time = Average of 2 weeks 2/3 of full pay up to a maximum of \$200/day (\$2,000 aggregate)	None	None	None	None	None
Employee is subject to a Federal, State, or local quarantine or isolation order related to COVID-19	12 weeks of unpaid leave under original FMLA.	Full-time = 80 hours Part-time = Average of 2 weeks Full pay is provided up to a maximum of \$511/day (\$5,110 aggregate)	At least 14 days of paid leave. Full pay for each day.	None; unpaid sick leave until termination of quarantine or isolation	At least 5 days of paid leave. Full pay for each day. Unpaid sick leave until termination of quarantine or isolation	At least 5 days of paid leave. Full pay for each day. Unpaid sick leave until termination of quarantine or isolation	At least 14 days of paid leave. Full pay for each day.
Employee has been advised by a health care provider to self-quarantine due to concerns related to COVID-19.	12 weeks of unpaid leave under original FMLA.	Full-time = 80 hours Part-time = Average of 2 weeks Full pay is provided up to a maximum of \$511/day (\$5,110 aggregate)	None	None	None	None	None
Employee is experiencing symptoms of COVID-19 and seeking a medical diagnosis.	None	Full-time = 80 hours Part-time = Average of 2 weeks Full pay is provided up to a maximum of \$511/day (\$5,110 aggregate)	None	None	None	None	None
Employee is caring for an individual who is subject to an order, has been subject to quarantine or isolation or advised to self-quarantine by health care provider.	12 weeks of unpaid leave under original FMLA.	Full-time = 80 hours Part-time = Average of 2 weeks 2/3 of full pay up to a maximum of \$200/day (\$2,000 aggregate)	Employee may receive Paid Family Leave if child is subject to order of quarantine or isolation.	Employee may receive Paid Family Leave if child is subject to order of quarantine or isolation.	Employee may receive Paid Family Leave if child is subject to order of quarantine or isolation.	Employee may receive Paid Family Leave if child is subject to order of quarantine or isolation.	Employee may receive Paid Family Leave if child is subject to order of quarantine or isolation.
Employee is experiencing any other substantially similar condition specified by the Secretary of Health and Human Services in consultation with the Secretary of the Treasury and the Secretary of Labor.	None	Full-time = 80 hours A1 Part-time = Average of 2 weeks 2/3 of full pay up to a maximum of \$200/day (\$2,000 aggregate)	None	None	None	None	None

\*The rate at which employees are paid depends on the reason. Please see our legal alert for further description and explanation.

# Support Your Team

- Physically
  - Equip your team with technology and productivity tools
  - Manage your expectations
    - Remote doesn't mean “always available”
  - Consider creative work options for those who cannot work remotely
    - Is there a different task they can do from home?
- Financially
  - Consider offering paid time off to those who cannot work
  - Understand and administer COVID-19 benefits
    - Educate your workforce



# Working Remotely

- Lonely for some, overcrowded for others
- Dress as if you're working in the office
- Prioritize your workload
  - Daily to-do lists
- Share daily tips and/or messages of inspiration, etc.
- Take breaks
  - Go for a walk
  - Meditate
  - FaceTime with friends and family
  - Hold virtual lunch or coffee breaks with co-workers



# Cybersecurity

- Verify requests
  - Call to confirm legitimacy of requests
  - Report scams to your IT team
- Protect sensitive information
  - Passwords, financials, etc.
  - Tools for managing sensitive information
- Your last line of defense is your people
  - Importance of security awareness training
- Keep your system patched
- Heightened cybersecurity awareness is essential
  - Cyber criminals are eager to take advantage of this national crisis for their own benefit



# Collaboration Tools

- Communication is the key
  - Collaboration Tools
    - Zoom, GoToMeeting, Microsoft Teams, Google Docs
  - VoIP (Mobile App)



- Workspace
  - Have a dedicated area set up to work
  - Think about ergonomics (chair, keyboard, etc.)
- Systems access
  - Home networks and Internet providers are not equal
  - Speedtest (wired is better)

# Closing Thoughts

- Identify and plan for risks & contingencies
  - Establish a task force – you don't have to manage alone
  - What if key management or personnel become ill and cannot work
- This too shall pass...
- Communication is key – all stakeholders
- Make sure your customers, people, family and yourself are “cared for”
- Consider if there are ways that you can bring your resources to help the crisis at large



# Questions?



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