



GLO Report – October 2020

Internal Revenue Service:

- Pandemic Related Tax Credits and Related Updates – for more information, please see: <https://www.irs.gov/coronavirus/coronavirus-tax-relief-for-businesses-and-tax-exempt-entities>
 - Employee Retention Credit
 - Generally applies to all employers regardless of size, including non-profit
 - Excluded employers include government employees and businesses that receive a Small Business Interruption Loan under the Paycheck Protection Program
 - Credit is 50% of up to \$10,000 in qualified wages paid to an employee experiencing an economic hardship related to COVID-19.
 - Applies to wages paid from 3/31/2020 to 12/31/2020.
 - Employer's business must be fully or partially suspended by government order during applicable quarter
 - Employer quarterly receipts must be 50% lower than comparable quarter in 2019
 - Employers with 100 employees or less in 2019: credit is based on qualified wages paid to all employees
 - More than 100 employees in 2019: only applicable to wages paid when not providing services during the quarter
 - Qualified Paid Leave Credits
 - Applies to employers with less than 500 employees
 - Applies to wages paid between 4/1/2020 and 12/31/2020
 - Amount is based on type of leave
 - Report on quarterly 941
 - Credit will be applied at that time
 - Can receive advance payment if there are insufficient federal taxes to deposit to cover these payments
 - Deferral of Employer Social Security Tax
 - Guidance was issued from the IRS regarding the deferral of employee's share of social security tax.
 - Applies to payments made from September 1 to December 31, 2020
 - Applies only to employees earning less than \$4,000 bi-weekly
 - Includes withholding, deposit and payment
 - In August, the IRS released a draft form of the 2020 941 has been issued. Final to be released this month.

- The revised instructions include a new Worksheet 1, which will be used to correct any amounts used to figure the credit for qualified sick and family leave wages and/or the employee retention credit claimed on the original Form 941 for the quarter.
- Employers will also use the worksheet to figure these credits if they are claiming them for the first time on Form 941-X.
- The newly revised Form 941-X will be used to correct the second quarter 2020 Forms 941, as well as Forms 941 filed for earlier quarters.
- Employers required to withhold deferred amounts from employee prior to April 30, 2021
- Guidance has been issued for employers regarding the reporting of FFCRA payments – for more information, please visit: <https://www.irs.gov/forms-pubs/2020-forms-w-2-reporting-of-qualified-sick-leave-wages-and-qualified-family-leave-wages-paid-under-pl-116-127>
 - Report on W2, box 14 or
 - Separate statement
- Section 125 changes allowed – IRS will allow mid-year changes to employee flexible spending accounts and these may be applied retroactively to 1/1/2020.

Department of Labor:

- Minimum wage for employees working on federal contracts increased to \$10.95 per hour (previously \$10.80) effective 1/1/2021. For tipped employees, the minimum wage goes up to \$7.65 (previously \$7.55) for those employees working on federal contracts.

USICE / Department of Homeland Security:

- Due to the pandemic, this organization announced that there will be flexibility allowed in the physical requirements associated with Form I-9 Documents for employers and operations that are working remotely. Originally put in place in March was set to expire in September but this has been extended. For more information, please visit: <https://www.uscis.gov/i-9-central/form-i-9-related-news/employment-authorization-document-ead-delays-due-to-covid-19>

Happy Fall & Happy Halloween!!

