



**FUBA**  
FLORIDA UNITED BUSINESSES ASSOCIATION

# ISSUES

OUR BUSINESS IS SMALL BUSINESS

SEPTEMBER 2020

Volume XXX, No. 9

## **PPP LOAN FORGIVENESS UPDATE – STILL NO AUTOMATIC FORGIVENESS**

Last month's newsletter explained that Congress was considering a law that would automatically forgive PPP loans under \$150,000. If this law is approved, small businesses who received a PPP loan of less than \$150,000 would have their loan automatically forgiven without having to file the forgiveness application with their bank.

**As of the date of this newsletter, Congress still has not approved automatic forgiveness of PPP loans for small businesses.**

Because the forgiveness application is lengthy, many small businesses are waiting to file their applications in the hopes that Congress will approve automatic forgiveness. And many banks are encouraging PPP recipients to wait since interest is not incurring and there is not a tight deadline at this point to apply for forgiveness. Businesses have 24 weeks from the date of their loan to apply for forgiveness.

To apply for loan forgiveness, you will need to file an application (Form 3508) with the bank that issued the loan to you. If your business did not reduce the number of its employees or their wages, you can use the more streamlined Form 3508EZ.

The forgiveness applications as well as their instructions are available from FUBA's coronavirus resources page for small businesses at [fuba.org/coronavirus-resources](https://fuba.org/coronavirus-resources).

If you have any questions about PPP loan forgiveness, you can ask the FUBA experts by calling our offices at 800-262-4483 or by emailing us at [fuba@fuba.org](mailto:fuba@fuba.org).

## **VOLUNTARY PAYROLL TAX "CUT" A HEADACHE FOR BUSINESSES**

Under an Executive Order signed last month by the President, employers can defer collecting the employees' share of Social Security taxes (6.2%) from their employees' paychecks from September 1<sup>st</sup> through the end of the year.

This is **not** an elimination of the payroll tax – employers must repay the tax in early 2021. And it is completely optional for businesses. It appears that employers can stop collecting the 6.2% payroll tax from employees through the end of the year, but they must withhold double from employee paychecks for the first 4 months of 2021. And if the employer cannot collect double taxes from the employee next year, **the employer bears the responsibility of paying the deferred taxes.**

While the payroll tax deferral might provide a slightly bigger paycheck to some employees, it could create a significant hardship in 2021 when those employees get double tax withheld from their paychecks.

Due to the difficulty of implementing this payroll tax deferral and the burden of assuming the responsibility of paying back deferred taxes,

most businesses are opting out of participating in this payroll tax deferral.

## **HOW SCHOOL REOPENING AFFECTS EMPLOYEES' PAID LEAVE**

Under the Families First Coronavirus Response Act (FFCRA), employees with children whose school is closed due to COVID-19 are entitled to up to 12 weeks of paid leave. The first two weeks of leave are at the employee's regular rate of pay and the remaining ten weeks are at two-thirds the employee's pay.

With schools across Florida reopening, the way a school chooses to reopen determines whether your employees qualify for this paid leave.

**Schools with alternate day schedules:** If a school is open each day but students are assigned certain days to attend school in person and other days to stay home for online/virtual learning, employees **are** eligible for paid leave under the FFCRA. But leave is available **only** on days when their child is not permitted to attend school in person. For purposes of the FFCRA, the school is effectively "closed" to the employee's child on days that he or she cannot attend in person. The employee can take paid leave under the FFCRA on each of their child's remote-learning days.

**Schools with online/virtual learning only:** Employees **are** eligible for paid leave under the FFCRA if the school is closed to students attending in person but is open for online/virtual learning only.

**Schools that give parents the choice between in-person and online/virtual learning:** If the school allows parents to choose between in-person learning and online/virtual learning and the employee chooses online/virtual, the employee is **not** eligible for paid leave. The school is not "closed" due to COVID-19; it is open for the employee's child to attend. **FFCRA leave is not available to take care of a child whose school is open for in-person attendance.**

If the employee's child is home not because his or her school is closed, but because their parent has chosen for the child to remain home, the employee is **not** entitled to FFCRA paid leave.

**Schools that begin the school year with online/virtual learning only but announce they will decide later whether to open to in-person learning:** During the time that the school is online/virtual only, employees **are** eligible for FFCRA paid leave. If the school reopens to in-person learning, the availability of paid leave depends on how the school reopens. If the school reopens later with in-person learning, paid leave might not be available. If a school alternates between virtual days and in-person days, paid leave is available only on remote learning days.

Businesses with fewer than 50 employees can exempt out of providing this paid leave if it would jeopardize the business. For details on this exemption, please visit the paid leave section of our coronavirus resources page at [fuba.org/coronavirus-resources](https://fuba.org/coronavirus-resources).

If you are a FUBA member and have questions about whether your employees qualify for paid leave, our experts are here to help. Call us at 800-262-4483 or email us at [fuba@fuba.org](mailto:fuba@fuba.org).

## **HAND WASHING POSTERS AVAILABLE**

Because hand washing is so important in preventing the spread of the coronavirus, FUBA has free posters available for our members that remind employees to wash their hands. They can be posted in restrooms or anywhere at your workplace to remind employees to wash their hands frequently.

To request free copies of this poster, email us at [fuba@fuba.org](mailto:fuba@fuba.org) and include your business name, address, and how many posters you would like (no limit – as many as you need). You can also download copies from the Publications section of our website at [fuba.org](https://fuba.org).