Getting Back to Business - Printing Industries Alliance Webinar May 2020

The following is a transcript of the Q & A from PIA’s recent webinar held on the Paycheck Protection Program. Any questions, contact PIA or our speakers, Harry Marino, (585) 943-6740 and Wayne Wawrzyniec, (716) 799-3119.

1. Our umbrella company owns the building (we have a lease agreement); can we claim rent instead of mortgage?
As long as you are spending 75-100% on payroll the remaining 25% can be used for rents, utilities, mortgage interest. Make sure to have copies of all contracts and loan agreements and track all expenses. Other lines of credit (loans) are being evaluated by the SBA- unknown if they will be approved under this program.

2. We were advised that we had until the eight week deadline to bring employees back from unemployment- did the guidance changes at some point?
Companies are supposed to bring back employees by 6/30/2020 at the latest.

3. Is it possible that different banks will interpret this under their own terms?
Yes. Each lender will probably require different documentation.

4. If you pay a bonus to all employees, will that be forgiven as a “payroll cost?”
You must go “by employee” – what was their average pay prior? You must pay them based on the average from prior - not any more. You can bonus them based on those same calculations.

5. Are the expenses allowable on a cash basis or accrual basis?
First, track all utilities and second, follow whatever basis you currently use (you can’t change it).

6. How do you bring employees back once you receive funds if the state is still under a stay at home order?
You must bring employees back by 6/30/2020. Further guidance is awaited; the point is to take people off unemployment.

7. Do trash bills or cell phones count as a utility?
Track everything since the guidance is vague.

8. I am a sole proprietor-will the Payroll company have all the proper documentation?
Payroll companies will have all the payroll reports to support weekly payroll and take FTE right off those reports. If you do a schedule C or take a draw, it is advised that you write yourself a check for now so its traceable. Remember: Draw’s are taxable.

9. Can we give raises? Can you give employees extra compensation as a Covid incentive?
It is recommended to use the money as you were using money before but if it is part of your normal process, then yes.

10. If 2019 average wages per month is higher than current 2020 (due to 2019 bonuses) do you need to pay employee at higher rate to make up the difference?
You may owe money back. If salaries and wages decrease more than 25%, from your base period, for anyone making under $100K.
11. **What about vacation pay if in addition to full employment salary?**
Yes, vacation is included in gross pay just like sick time.

12. **Can you hire new employees if old employees do not want to come off unemployment?**
Companies are supposed to rehire by 6/30/20. If you want 100% forgiveness, hire asap to get back to your FTE total. Be sure to document all employment or rehire offers.

13. **Would that count toward the FTE count?**
It’s based on the number of employees, not the individual.

14. **We have three developmentally disabled people afraid to come back to work. Do I have to bring them back?**
Document that you made them an offer to come back and they refused. Remember, you can replace them.