

# Vensure Employer Services Client COVID Options

April 1, 2020





## **Four Options – COVID19**

- **Option 1 – Paid Sick Leave and/or Family Medical Leave Act**
- **Option 2 – Paycheck Protection Program (SBA loan)**
- **Option 3 – Employer Deferral of Social Security Taxes**
- **Option 4 – Employer Tax Credit for Employee Retention**



## Option 1 – PSL and/or eFMLA

### Qualifying Reasons for Leave: DOL Guidance

- Effective April 1, 2020
- Under the Act, an employee qualifies for expanded family and medical leave if the employee is unable to work (or unable to telework) due to a need for leave because the employee:
  - 1. is subject to a Federal, State, or local quarantine or isolation order related to COVID-19;
  - 2. has been advised by a health care provider to self-quarantine related to COVID-19;
  - 3. is experiencing COVID-19 symptoms and is seeking a medical diagnosis;
  - 4. is caring for an individual subject to an order described in (1) or self-quarantine as described in (2);
  - 5. is caring for a child whose school or place of care is closed (or child care provider is unavailable) for reasons related to COVID-19; or
  - 6. is experiencing any other substantially-similar condition specified by the Secretary of Health and Human Services, in consultation with the Secretaries of Labor and Treasury.
    - Under the Act, an employee qualifies for expanded family and medical leave if the employee is caring for a child whose school or place of care is closed (or child care provider is unavailable) for reasons related to COVID-19

### Duration of Leave : DOL Guidance

**For reasons (1)-(4) and (6):** A full-time employee is eligible for up to 80 hours of leave, and a part-time employee is eligible for the number of hours of leave that the employee works on average over a two-week period.

**For reason (5):** A full-time employee is eligible for up to 12 weeks of leave at 40 hours a week, and a part-time employee is eligible for leave for the number of hours that the employee is normally scheduled to work over that period.

## Option 1 – PSL and/or eFMLA

### Calculation of Pay: DOL Guidance

- **For leave reasons (1), (2), or (3):** employees taking leave shall be paid at either their regular rate or the applicable minimum wage, whichever is higher, up to \$511 per day and \$5,110 in the aggregate (over a 2-week period).
  - Pay code (Prism) COVIDPSL1-2-3 has been created for these reasons.
- **For leave reasons (4) or (6):** employees taking leave shall be paid at 2/3 their regular rate or 2/3 the applicable minimum wage, whichever is higher, up to \$200 per day and \$2,000 in the aggregate (over a 2-week period).
  - Pay code (Prism) COVIDFMLA4OR6 has been created for these reasons.
- **For leave reason (5):** employees taking leave shall be paid at 2/3 their regular rate or 2/3 the applicable minimum wage, whichever is higher, up to \$200 per day and \$12,000 in the aggregate (over a 12-week period—two weeks of paid sick leave followed by up to 10 weeks of paid expanded family and medical leave)
  - Pay code (Prism) COVIDFMLA5 has been created for this reason.

# Option 1 – PSL and/or eFMLA

## Calculation of Credit

- Client will receive instant credit on current invoice for wages paid under COVID pay codes. Daily and aggregate limits apply.
- PEO will credit back PEO client up to what has been billed and collected for 941 liability. Any additional will be held for future 941 liability.
- PEO will credit back ASO or Payroll Only client up to what has been billed and collected for 941 liability. Anything over will be retained for future liability or issued as a credit/refund on entities 941.
- See EXAMPLE invoice below

TEST COMPANY  
1234 TEST ST.  
CHANDLER, AZ 85224-

Invoice 363190  
Date 04/03/2020

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Pay Period Ending: 04-02-2020 , 03-29-2020  
Control Number: 12018-202023

Gross Wages	4,490.62
Federal/State Taxes	461.32
Workers' Compensation	0.00
Employee Benefits	798.72
Administrative Fee	76.00
Other: CRITICAL ILLNESS	3.15
Other: COVID PSL	-2,600.00
TOTAL INVOICE SUMMARY	3,229.81

## Option 2 – Paycheck Protection Plan (PPP) Loan Assistance

- **This option is not available for clients that have chosen option 3 or 4.**
- New Section 7(a) loan program for small business concerns and qualifying other business concerns.
- Loan maximum is lesser of 2.5X average monthly “payroll costs” or \$10 million.
- Some or all may be forgivable; subject to reduction in forgivable amount or reduction in headcount and per employee wages.
- PEO will assist client in the documents necessary to apply for the PPP loan.
  - A letter explaining the PEO relationship will be provided to the client.
  - An Invoice Sales Report and a Payroll Register Report will provide the data necessary to apply.
- For more information about the PPP loan please visit:
  - <https://home.treasury.gov/policy-issues/top-priorities/cares-act/assistance-for-small-businesses>
- To apply for the PPP loan please visit:
  - <https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Application-3-30-2020-v3.pdf>

## Option 2 – Paycheck Protection Plan (PPP) Loan Assistance

- See EXAMPLE letter below

03/31/2020

Small Business Administration (SBA)  
Attn: PPP Loan Application  
409 Third Street SW  
Washington DC, United States

RE: Professional Employer Organization (PEO) Explanation and Relationship

To Whom It May Concern,

XXXXXX is currently a client of Vensure HR Inc. Vensure HR Inc. is a Professional Employer Organization (PEO). All of XXXXXX's federal wages are reported and paid under the PEO FEIN. Since the 941 from Vensure HR Inc. can't serve as proof of individual client payroll costs we have generated two reports to show XXXXXX's wages.

Enclosed reports are:

- Invoice Sales Report (ISR) – shows actual payroll costs to client
- Payroll Register Report – shows employee detail of the wages processed to match the ISR

Please accept this letter and enclosed reports as proof of wages.

Thank you,



# Option 2 – Paycheck Protection Plan (PPP) Loan Assistance


- See EXAMPLE Invoice Sales Report below



[REDACTED]  
**Invoice Sales Report**  
 FROM [REDACTED] Look Back Period

Invoice Number	Date	Gross Wages	FICAMed	FICASoc	FUTA	SUTA	W/C	Other	AdminFee	AgencyCR	InvTax	Not Classified	Invoice Total
338286	<span style="background-color: black; color: black;">[REDACTED]</span>	48,426.79	579.94	2,479.68	239.97	3,239.59	96.74	5,114.00	484.26			-72.20	60,588.77
342297	<span style="background-color: black; color: black;">[REDACTED]</span>	57,537.61	712.05	3,044.55	294.63	3,977.55	118.79	2,349.73	575.38			-101.08	68,509.21
<b>Totals</b>		<b>105,964.40</b>	<b>1,291.99</b>	<b>5,524.23</b>	<b>534.60</b>	<b>7,217.14</b>	<b>215.53</b>	<b>7,463.73</b>	<b>1,059.64</b>	<b>0.00</b>	<b>0.00</b>	<b>-173.28</b>	<b>129,097.98</b>

- See EXAMPLE Payroll Register Report below



[REDACTED]  
**Payroll Register Detail Only** LOOK BACK PERIOD  
 Pay Dates from [REDACTED] - Sorted by Employee Name

TOTALS FOR ALL EMPLOYEES								
			Net Amt: 77,965.01	DD Amt: 77,965.01	Check Amt: 0.00			
Pay Type	Hours/Units	Rate	Pay	Taxes	Tax Amounts	Deductions	EE Ded Amt	ER Contribution
REGULAR	2,994.72		76,426.37	FEDERAL INCOME TAX	7,328.94	401K CATCH UP	0.00	0.00
OVERTIME	108.59		3,203.78	FICA - MEDICARE	1,135.40	401K / FLEX / BENEF	2,887.50	0.00
BENEFIT DOLLARS	2.00		108.08	FICA - OASDI	4,854.83	401(K) LOAN PMT / S	42.72	0.00
VAC/PTO	112.00		1,857.19	GA INCOME TAX	3,452.27	401K ROTH / STAND	0.00	0.00
HOLIDAY	282.00		7,504.92			401K POST TAX	0.00	0.00
AUTO REIMBURSEME	0.00		500.00			ROTH POST TAX	0.00	0.00
REIMBURSEMENT / I	0.00		16,364.06			ROTH POST CU	0.00	0.00
PHMP REIMBURSEME	0.00		3,124.90			LIFE / STANDARD/BE	75.79	0.00
						EE LOAN / STANDAR	500.00	0.00
						AFLAC PRE-TAX / FLE	8.76	36.74
						CORE ID	50.00	4.00
						DENTAL PRE-TAX / F	639.96	0.00
						MEDICAL PRE-TAX /	5,505.37	4,337.25
						PHMP125	4,530.00	60.00
						VISION PRE-TAX / F	112.75	0.00
<b>Total Pay</b>	<b>3,499.31</b>		<b>109,089.30</b>	<b>Total Taxes</b>	<b>16,771.44</b>	<b>Total Deductions</b>	<b>14,352.85</b>	<b>4,437.99</b>







## Option 2 – Paycheck Protection Plan (PPP) Loan Assistance

- **PPP Instructions**

- Client to Fill out Application
- Client Relations to provide – PEO letter plus 2 reports
- Client submits to their local bank
  - Some banking institutions are using their online platform to submit the application.
- If client needs additional support
  - Clients will inform Client Relations will contact CPA firm for client introduction.

## Option 3 – Deferral of Payment of Social Security Taxes (Employer Portion)

- This option not available if client taking SBA forgiveness loan assistance for Paycheck Protection Plan (option 2).
- Client can defer ER portion of SS effective 3/27/20 through 12/31/20
  - Payment schedule for deferred taxes:
    - 50% due 12/31/2021
    - 50% due 12/31/2022
- Client has sole liability for payment of deferred taxes if it directs its PEO to defer payment under this provision with respect to wages paid by the PEO.
- This is not a suppression of the tax code, but a credit on the invoice to the client.

TEST COMPANY	Invoice 202030
1234 TEST ST.	Date 04/17/2020
CHANDLER, AZ 85224-	Page 4
Pay Period Ending: 04-12-2020	
Control Number: 12015-202030	
Gross Wages	1,440.00
Federal/State Taxes	147.60
Workers' Compensation	0.00
Employee Benefits	0.00
Administrative Fee	8.00
Other: COVID ER SS	-89.28
Other: CORE ID	24.13
TOTAL INVOICE SUMMARY	1,530.45

## Option 4 – Employer Tax Credit for Employee Retention (Quarterly Credit)

- **This option not available if client taking SBA assistance for Paycheck Protection Plan (option 2)**
- Credit is available to employer:
  - (1) that was carrying on a trade business during calendar year 2020 and
  - (2) with respect to any calendar quarter:
    - Had its operations fully or partially suspended under government orders due to COVID19, or
    - Had a decline of at least 50% in gross receipts as compared to the same calendar quarter in the prior year
  - Client credit of 50% of “qualified wages” with respect to each employee for the quarter
    - Max wages taken into account per EE + \$10,000 (max credit \$5,000 per EE)
- Qualified Wages mean:
  - Employers with >100 FTEs – wages paid to employees not performing services due to COVID19 relation circumstances (either suspension of operations or reduction in gross receipts)
  - Employers with <100 FTEs all employee wages paid
  - Includes employers “properly allocable” qualified health plan expenses
  - Excludes wages under COVID PSL or FMLA (Option 1)
  - Excludes wages under WOTC
- This is not an instant credit and will be considered quarterly
- Client will need to submit qualified wages to PEO *any amount over current 941 billed and collected will come as refund directly from IRS*