

# American Rescue Plan Act: What Business Owners Need To Know

Wednesday, March 31<sup>st</sup> | 11:00 - 12:00 PM ET

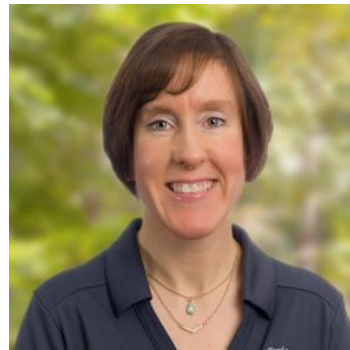
This webinar will begin shortly.

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# Today's Presenters

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# Ahola Payroll & HR Solutions

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Payroll & HR Services provider headquartered in Brecksville, Ohio



Over 50 years of payroll, tax, and HR experience, having served over 10,000 small businesses nationwide.



Full range of Payroll and HR services and software

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# Agenda

- Overview of American Rescue Plan Act (ARPA)
- Relief Measures for Businesses
- Key Payroll Provisions
  - FFCRA Expansion
  - CARES Employee Retention Credit Extension
  - COBRA Premium Assistance Tax Credit
  - Dependent Care FSA Limit Increase
  - Child Tax Credit Changes/Form W-4 Update

# Overview of American Rescue Plan Act (ARPA)

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- Signed into law on March 11, 2021
- \$1.9 Trillion Relief Act
- Direct Stimulus Payments
- Unemployment Compensation
- Moratoriums on Evictions and Foreclosures
- State and local government funding
- Funding for schools
- Subsidies for Covid-19 testing and vaccination programs

# Relief Measures for Businesses

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Additional funds for the Paycheck Protection Program



Additional funds for the Economic Injury Disaster Loan (EIDL) Program



Establishment of the Restaurant Revitalization Fund for 2021



Additional funds for Shuttered Venue Operators Grants



Additional funds to support failing multi-employer pension plans



Funds for Small Business Credit Initiatives





# Key Payroll Provisions in the American Rescue Plan Act



# Expansion of Families First Coronavirus Response Act (FFCRA)

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Tax Credits for Qualified Sick  
Leave and Expanded FMLA

- Changes take effect with Covid-related leaves starting on **April 1, 2021**
- Tax credits extended for qualified wages paid for leave taken through **September 30, 2021**
- **Participation remains voluntary** for employers in 2021

# Expansion of Families First Coronavirus Response Act (FFCRA)

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Tax Credits for Qualified Sick  
Leave and Expanded FMLA

- **Sick Leave** allowance is “reset” on April 1, 2021 - Employees are eligible for up to 10 days Sick Leave between April 1 and September 30 even if previously paid under the FFCRA
- Pay under the **Expanded Family and Medical Leave** provision is increased from \$10,000 to \$12,000 per employee and the time frame allowable to be paid is increased from 10 weeks to 12 weeks per employee
- 2-week non-paid period is eliminated for Expanded FMLA
- No “reset” for Expanded FMLA

# Expansion of Families First Coronavirus Response Act (FFCRA)

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Tax Credits for Qualified Sick  
Leave and Expanded FMLA

## 6 Original Allowable Reasons for Sick Leave Pay

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
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

# Expansion of Families First Coronavirus Response Act (FFCRA)

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Tax Credits for Qualified Sick  
Leave and Expanded FMLA



## NEW: There are now 9 Allowable Reasons for Sick Leave Pay

The original 6 reasons are still in place PLUS the following 3 new additional reasons:

The employee:

1. Is obtaining a COVID-19 immunization
2. Is recovering from an injury, disability, illness or condition related to the immunization
3. Is seeking or awaiting the result of a COVID-19 test or diagnosis when the employee has either been exposed to COVID-19 or the employer has requested the test or diagnosis

# Expansion of Families First Coronavirus Response Act (FFCRA)

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Tax Credits for Qualified Sick  
Leave and Expanded FMLA



## NEW BIG Change:

- Expanded FMLA Pay Is Not Limited to the Original Single Reason
- Expanded FMLA Pay is now allowed for all the same 9 reasons as Sick Leave Pay--the original 6 qualifying reasons for Sick Leave Pay provided for in the FFCRA plus the additional 3 reasons added under the American Rescue Plan Act.



# Expansion of Families First Coronavirus Response Act (FFCRA)

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Tax Credits for Qualified Sick  
Leave and Expanded FMLA



## New Non-Discrimination Rule

The tax credit is not available to those employers who discriminate (1) in favor of highly compensated employees, (2) full-time employees, or (3) on the basis of the employment tenure of the employee.

# Expansion of Families First Coronavirus Response Act (FFCRA)

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Tax Credits for Qualified Sick  
Leave and Expanded FMLA

- Employer Social Security Tax is now taxable on FFCRA pay but will be included in the tax credit calculation\*\*
- The nonrefundable and refundable credits will now be calculated based on the **employer portion of Medicare tax** instead of the employer portion of Social Security tax\*\*

\*\*Awaiting IRS clarification

# Extension of the CARES Employee Retention Credit

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Extended through **December 31, 2021**



Continuation of the rules provided in the Consolidated Appropriations Act regarding employer size, gross receipts eligibility, and credit calculations



New eligibility provisions for startup businesses established after February 15, 2020 and for severely financially stressed employers

# New COBRA Premium Assistance Tax Credit

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Temporary Free COBRA Coverage for Certain Employees Affected by COVID-19



Subsidy to employers of 100% COBRA premiums from April 1 to September 30, 2021



Employers may claim the credit as a refundable payroll tax credit on Form 941



This subsidy is expected to allow 2.2 million people to enroll in COBRA in 2021

# Increase in Dependent Care FSA Limit

- Temporary Increase to Dependent Care Flexible Spending Account Maximum Limit for 2021
  - **Not automatic** -- Employers must amend their Dependent Care FSA plan to increase the maximum amount that may be contributed to an employee's Dependent Care FSA from **\$5,000 to \$10,500** (or from **\$2,500 to \$5,250** if married filing separately).



# Child Tax Credit Changes/Form W-4 Update

- Child Tax Credit for 2021 is up to **\$3,000** per qualifying child ages 6 to 17 (up to **\$3,600** per qualifying child under age 6)
  - Eligible age for a dependent to be considered a qualifying child in 2021 is “**younger than 18**”
  - Individuals eligible for the Child Tax Credits in 2021 may receive advance payments between July 1 and December 31\*\*
- \*\*Awaiting IRS determination*
- Updated Form W-4 to be released to accommodate these changes

# Recap

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- Overview of American Rescue Plan Act (ARPA)
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# Next Steps

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## How To Initiate the America Rescue Plan Provisions With Your Payroll Provider

- Contact your payroll provider if you want to participate in any of the ARPA provisions
  - FFCRA Sick Leave, Family Leave
  - Employee Retention Credit
  - COBRA Premium Assistance Tax Credit
  - Dependent Care FSA Limit Increase
- Ahola clients should contact [CovidSupport@ahola.com](mailto:CovidSupport@ahola.com) with inquiries for next steps and instructions on how to move forward.

# Resources

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Stay up-to-date with changes.

Visit the Ahola website for COVID-19 resources at [www.ahola.com](http://www.ahola.com) and subscribe to our email updates.

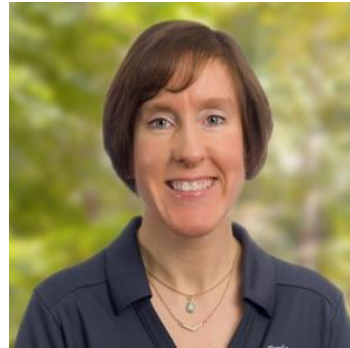
Have FFCRA, Employee Retention Credit, COBRA Premium Assistance Tax Credit, or PPP Questions?

Contact your dedicated Payroll Specialist or [COVIDSupport@ahola.com](mailto:COVIDSupport@ahola.com)



# Thank You!

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