FAMILIES FIRST CORONAVIRUS RESPONSE ACT
EXPLANATION AND ANALYSIS
MITCH REITMAN

5408 Woodway Drive
Fort Worth, Texas 76133
817-698-9999
WWW.Reitman.US
• General Accounting, Tax Preparation and Representation
• Valuation Services
• Brokerage
• Due Diligence
U.S. businesses with fewer than 500 employees can use the funds to provide employees with paid leave, either for the employee’s own health care needs or to care for their family members. Eligible employers will be able to claim these credits based on qualifying leave they provide between the effective date and Dec. 31, 2020. Equivalent credits are available to self-employed individuals based on similar circumstances.
SICK LEAVE

- For COVID-19-related reasons, employees will be able to receive up to 80 hours of paid sick leave and expanded paid child care leave when employees’ children’s schools are closed or child care providers are unavailable. Health insurance costs are included in the credit. Employers won’t face any payroll tax liability. Employers will receive 100 percent reimbursement for paid leave.
CREDITS AVAILABLE

To take advantage of the paid leave credits, businesses can keep and access funds they would otherwise pay to the IRS in payroll taxes. If those amounts aren’t enough to cover the cost of paid leave, employers can seek an expedited advance from the IRS by submitting a streamlined claim form that will be released next week.
REFUNDABLE CREDITS

For an employee who’s unable to work because of coronavirus quarantine or self-quarantine or has coronavirus symptoms and is seeking a medical diagnosis, eligible employers can receive a refundable sick leave credit for sick leave at the employee’s regular rate of pay, up to $511 per day and $5,110 in the aggregate, for a total of 10 days.
CHILD OR OTHER CARE

For an employee who’s caring for someone with coronavirus, or is caring for a child because the child’s school or child care facility is closed, or the child care provider is unavailable due to coronavirus, eligible employers can claim a credit for two-thirds of the employee’s regular rate of pay, up to $200 per day and $2,000 in the aggregate, for up to 10 days. Eligible employers are entitled to an additional tax credit determined based on costs to maintain health insurance coverage for the eligible employee during the leave period.
Along with the sick leave credit, for an employee who’s unable to work because of a need to care for a child, eligible employers can receive a refundable child care leave credit. The credit is equal to two-thirds of the employee’s regular pay, capped at $200 per day or $10,000 in the aggregate. Up to 10 weeks of qualifying leave can be counted towards the child care leave credit. Eligible employers are entitled to an additional tax credit determined based on costs to maintain health insurance coverage for the eligible employee during the leave period.
The IRS has issued Notice 2020-18 which extends deadlines for the filing of, and for the payment of tax related to, the following forms.

- Form 1040, 1040-SR, 1040-NR, 1040-NR-EZ, 1040-PR, 1040-SS (individual income tax)
- Form 1041, 1041-N, 1041-QFT (trust returns)
- Form 8960 (Net Investment Income Tax)
- Form 8991 (Tax on Base Erosion Payments for Taxpayers with Substantial Gross Receipts)
RELATED IRS PROVISIONS

■ Does not extend the time for payroll and other informational returns
■ If a return is not filed by July 15th, an extension must be filed or it will be considered delinquent on July 15th.
■ Does not address fiscal year returns due on May 15 or June 15.
■ Does not address State Income or Franchise returns
■ Extends the IRA & HSA contribution deadline to July 15, 2020
■ Does not provide relief from failure to make estimated installments in 2019
At this point the Bill provides no specific relief for self-employed and “independent contractors.” If you are treating employees as independent contractors, or, if you are contracting with individuals who truly are independent contractors, but you do not have a Contract with them, be ready to get a notice from the IRS.

Why??
RELATED ISSUES

- Independent Contractors are not, at this point, eligible for relief under the Bill
- Independent Contractors who have no wages are not eligible for many credits including the Child Credit
- Independent Contractors are not eligible for sick leave, family leave, and other employee related provisions.
- You cannot take a credit for payments made to independent contractors.
<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Total wages. Enter in line 1 through column I, and in box A, Line 1 of Form 1040, Schedule B, or Form 1040-X, Schedule B.</td>
</tr>
<tr>
<td>7</td>
<td>Maximum amount of wages subject to social security tax.</td>
</tr>
<tr>
<td>8</td>
<td>Total social security wages (the product of line 2 and the percentage subject to social security tax from Form 1040, line 16, and instructions).</td>
</tr>
<tr>
<td>9</td>
<td>Subtract line 8 from line 7. Enter result on line 8.</td>
</tr>
<tr>
<td>10</td>
<td>Wages subject to social security tax. Enter the smaller of line 9 or line 6.</td>
</tr>
<tr>
<td>11</td>
<td>Multiply line 10 by 0.015. (Social security rate for 2016.)</td>
</tr>
<tr>
<td>12</td>
<td>Multiply line 6 by 0.0396 (Medicare rate).</td>
</tr>
<tr>
<td>13</td>
<td>Add lines 11 and 12. Enter here and on Form 1040, line 12, or Form 1040-X, Schedule B, line 16, or Form 1040-S, and on Form 1040-TS.</td>
</tr>
</tbody>
</table>

For Paperwork Reduction Act Notice, see your tax return instructions.
SS-8 Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding

Department of the Treasury
Internal Revenue Service

Form No. 1525, 2014
For IRS Use Only: Case Number:

Disclosure of Information

The information provided on Form SS-8 may be disclosed to the third, worker, or payer named above to assist the IRS in the determination process. For example, if you are a worker, we may disclose the information you provide on Form SS-8 to the third or payer named above. The information can only be disclosed with the determination process. If you provide incomplete information, we may not be able to proceed your request. See Privacy Act and Paperwork Reduction Act Notice in the separate instructions for more information. If you do not want this information disclosed to others, do not file Form SS-8.

Parts I-V. All items of Form SS-8 must be completed at questions in Parts I-V. Part I must be completed if the worker provides a service directly to customers or to a salesperson. If you cannot answer a question, enter “Unknown” or “Does not apply.” If you need more space for a question, attach another sheet with the part and question number clearly marked. Write your name and social security number or other identification number on each additional sheet attached to this form.

Part I General Information

1. This form is being completed by: ☐ I or ☐ a worker, for services performed at _______.
2. Explain your answer for item 1. If you received a lot from the IRS, you believe you erroneously received a Form W-2 or Form W-3, you are unable to get workers’ compensation benefits, or you were audited or are being audited by the IRS.
3. Total number of workers who performed or are performing the same or similar services:
5. Attach copy of all supporting documentation, such as, contracts, invoices, memos, Form W-2 or Form 1099-MISC issued or received, FICA clearing agreements or IRS ruling. In addition, please include any new or final decisions concerning the worker’s status. If no income reporting forms Form 1099-MISC was issued or received, explain why.
6. Describe the firm’s business:

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 19590T Form SS-8 (Rev. 5-2014)
One of the proposals in the Republican plan for the current stimulus package currently under consideration is waiving the 10 percent early withdrawal penalty for distributions up to $100,000 from qualified retirement accounts for coronavirus-related purposes.