

DEANDORTON

Insights



Great Debates and Frequently Asked Questions - Part 1

We know everyone has a lot of questions regarding the Paycheck Protection Loan Program and the payroll tax benefits arising from the COVID-19 legislation that was recently passed. In the last 24 hours, we have learned that for every question there are multiple interpretations and opinions. We know that you're reading conflicting information from numerous sources, but don't worry, we're here to help.

We are dedicated to getting you the best answers based on our reading of the CARES Act, the guidance issued by the Treasury Department, and our discussions with lenders. This is taking more time than we want and we know it may feel like it's taking more time than you have, too. We're using our expertise and experience to get you quality information as soon as possible.

IRS Issues Guidance on Payroll Tax Relief Provisions in Recent COVID-19 Legislation

First up, payroll tax credits and deferrals. In an effort to assist businesses during the COVID-19 pandemic, Congress has turned to payroll tax credits and deferrals as a means of providing companies with much needed cash flow. The first form of relief came via the Families First Coronavirus Response Act (FFCRA), which gives certain employers refundable payroll tax credits if they are required to provide paid sick or family leave under the provisions of the Act. Congress included additional relief measures in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, a massive economic stimulus package signed into law on March 27. The CARES Act created an employee retention tax credit, which is available to certain businesses subject to closure or that have experienced a significant decline in gross receipts due to COVID-19. The CARES Act also contains a provision deferring payment of employer payroll taxes through the end of 2020.

On Tuesday, the IRS released guidance, including Frequently Asked Questions (FAQs), on the payroll tax credits for paid sick and family leave and the employee retention tax credit.

[FAQs and Resources →](#)

Each of these three payroll tax provisions is subject to limitations and nuances. Below, we break down the key details of each relief measure.

