



Covid-19 Resources

FAQs – April 22, 2020

Getting you the answers to the many questions related to Covid-19 and its impact to you is our first priority. Things continue to evolve and change very rapidly, but please know that our team is working as quickly as possible to understand all that is taking place and going to the source for the answers. Our goal is to get you answers and information that is in **your** best interest and not get waylaid with distractions. Below are the most recent questions we have been fielding.

Q1 - What was included in the Senate Bill Passed 4/21/20?

Answer: The Senate bill passed yesterday is an add-on to the CARES Act, enacted late last month and contains a total of \$484 billion in additional stimulus funding. \$320 billion is allocated to re-fund the PPP Loan which ran out of funds late last week. The House is expected to vote on the bill tomorrow, Thursday, April 23 and signing is expected almost immediately thereafter. Dentists who applied but whose application was not submitted to the SBA in time for “round one” funding now have a fighting chance of being funded. If you have not applied, we recommend doing so immediately.

Q2 – I was approved for \$235 per week in unemployment benefits. Is this correct?

Answer: The ESD is temporarily approving those who are eligible with the minimum of \$235 per week until they can review your self-employment income and documentation. They will update your benefit amount based on quarterly self-employment earnings you entered on the application. Which for some may mean even more benefit but for others (such as S corporations or LLC’s taxed as S corporations) may mean less. Keep in mind that an additional \$600 per week under the CARES Act may be added to your weekly benefit amount.

Q3 – How should I answer the self-employed questions when applying for unemployment if I am an S-Corp owner?

Answer: With limited guidance from the State, there is some contradictory information out there. At the moment, we believe you should be using your 2019 W-2 as your source of self-employment income. When asked if you worked for a Washington employer, answer “No.” This question was originally designed for traditional employees, not owners. Answering “Yes” may cause problems with your application as your wages have likely not been subject to unemployment insurance, and the State may have trouble verifying your wages.

As part of the PUA (Pandemic Unemployment Assistance) application, it will ask about self-employment income. This is where you would enter your 2019 W-2 Box 1 wages (divided by 4 for each quarter). You should also upload your W-2 when asked for a source document.

Additional guidance can be found [here](#).

Q4 – How do I report weekly earnings to ESD if I am self-employed?

Answer: There is no official guidance from the State on this yet. We believe it is best to use the same method you used when entering your self-employed income on your initial application. For S-Corp owners this would be what you pay yourself in wages. For Sole Proprietors and LLC/Partnerships, this would be your net earnings. In this case, the best option would be to run a weekly Profit & Loss report and look at your operating income (do not include grant money or loans). If you bring in little to no revenue that week, your weekly earnings would likely be zero. We expect the State to issue guidance on this, although we do not know when.

Q5 – The ESD website does not allow to me to enter hours worked with \$0.00 earnings. What should I enter if I work but don't pay myself anything?

Answer: We believe you should only be reporting hours worked for which you will actually pay yourself (whether via wages as an S-Corp owner or realized net earnings as a Sole Proprietor or LLC/Partnership). If you are performing administrative tasks and will not receive any compensation, we recommend that you enter zero hours for that particular week. However, there is no official guidance from the State as of yet.

As a reminder, if you are an S-Corp and use PPP loan proceeds to pay yourself wages, this needs to be reported on your weekly claim and will reduce the amount of unemployment you are eligible for that week. For other entity types, if you pay yourself draws, it is not clear whether those should be included on your weekly unemployment claim. As of now we believe you should only report your net earnings. We will update you with more guidance as soon as it comes out.

Q6 – FFCRA – Emergency Paid Sick Leave – Should I pay my employees for this now before the team comes back in the office?

Answer: We believe it is unlikely you will have any employees who qualify for FFCRA sick leave and/or family leave. For sick leave, there must be work available and the employee must be unable to work because of a positive Coronavirus test, be under a quarantine order, or have Coronavirus symptoms and be seeking medical care. If your office is closed, there is no work available for your employees, and they are thus not eligible for FFCRA coverage. This is the case even if your office is closed because of a government mandate.

Family leave applies if an employee cannot work because they have to care for a child whose school or daycare is closed. Again, there is currently no work for your employees. Furthermore, businesses with fewer than 50 employees are likely exempt from this family leave coverage.

There may be a narrow possibility of coverage if your office is performing emergency procedures currently allowed under Washington's stay-at-home order. If you have such work available for employees, they would have to be unable to work due to one of the above examples. This could also apply once the stay-at-home order is lifted and your office reopens, however we anticipate most employees will have no restrictions and be able to work at that point.

Q7 – What do I do with the proceeds I have received from the PPP Loan (or EIDL grant or Delta grant) and how do I maximize loan forgiveness?

Answer: We anticipate guidance from the Treasury on Monday, April 27th regarding how to maximize the PPP loan forgiveness and what expenses may be allowed and for some expenses how they will be computed. At that time, we will be able to provide you with better information. In the meantime, please see our [FAQs from April 14th](#) and our [PPP Expense Tracking Worksheet](#) from the same day. Both can be found on our website or via the links.

Q8 – Is grant income taxable for B&O tax purposes?

Answer: According to the Department of Revenue, any grant income that is strictly gratuitous (such as those we have seen during the COVID-19 crisis) would not be subject to tax. We recommend creating an “Other Income” account called “Grant Income” to clearly segregate this from your regular Patient Receipts in QuickBooks for when it comes time to prepare your B&O tax filing.

Q9 – How do we track the Delta Dental RAP (Reimbursement Program)?

Answer: In short, this is essentially a loan from Delta Dental which you will pay back with future claims starting in July 2020. See our resource found [here](#) for more details.

Comment - Business Interruption Insurance - A few weeks ago, we suggested reaching out to your insurance agent about the ability to file a business interruption insurance claim. If you have not done so, you should consider this option. We are hearing that there may be future class action lawsuits for denial of such claims.

Dental Group, LLC - We will be working both in the office and remotely in the coming weeks. Our meetings will be done via teleconference and or online collaboration. If you plan to drop off tax documents, please call ahead to coordinate a time when we will be in the office as there is no safe place to leave documents at the door.

Our focus in the coming weeks will be on finishing tax returns such that if a refund is due to you, we can get that as quickly as possible; we are of course continuing to monitor developments so that we can be a resource to you in making decisions relative to your practice and personal finances.

If you have any questions, please do not hesitate to contact us directly at (425) 216-1612.