



Covid-19 Resources

FAQs – May 21, 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: I received a letter indicating that someone claimed unemployment using my name (or in an employee's name). What do I do?

Answer: If someone fraudulently filed using your name:

1. Check the [ESD website](#) for updates and recommendations
2. File a fraud claim with the Employment Security department
3. File an online police report for identity theft
4. Access the [FTC website](#) for resources on reporting
5. Access your [free credit report](#) and review for fraudulent activity
6. Consider putting a fraud alert or credit freeze out through either Experian, Equifax or Transunion. Filing with one agency will notify the others. (Note if you elect to go with a credit freeze it is important that you fully understand how that may impact your ability to get future financing).
7. You may also find additional information at the [attorney general's office](#) for other actions to take.

Answer: If someone fraudulently filed using an employee's name and you received notice:

1. Check the [ESD website](#) (Scroll down to the employers section)
 - a. Download the benefit fraud employer reporting template
 - b. Enter the requested information
 - c. Complete the form and upload the template

Important – Fraud in General: Perhaps now more than any other time identity thieves and other fraudsters are plying their trade. Neither the IRS or any other reputable organization or company will call you and tell you to pay them money. Never give any kind of personal information over the phone unless you initiated the call. Software companies do not monitor your computer and then call and tell you that you have a problem that they can correct with access to your computer. If you receive an email with a link to a company you do not do business with delete it. If you receive an email from a company you do business with – **do not use the link** – logging on directly is the safest course of action. If you receive an email with an attachment do not open it unless you were expecting it. If it is from someone you know – they may have been hacked. Call and verify. If you are taken advantage of generally follow the same steps as noted above. If it impacted your computer – turn it off and disconnect from the internet and call your IT support for assistance.

Q2: Hey! Where's my Refund?

Answer: Although the Internal Revenue Services is not saying so – at least not on their website – it is clear that the time required to process refunds is substantially lagging. In normal times, if you filed electronically and also use electronic deposit, three-weeks is the standard for receiving your refund.

In talking to colleagues around the country, everyone seems to be experiencing this delay. Although it is understandable the IRS is likely understaffed due to the Covid-19 situation and they also had to send out something like 130 million stimulus checks, it would be nice if they posted something about the delay.

Expecting a federal refund? Go to [Where's My Refund](#) and then click Check My Refund Status. Have the following information from your tax return handy:

1. Social Security Number for Taxpayer
2. Filing Status (joint, single, head of household – Top of Page One of Form 1040)
3. Whole dollar amount of expected refund (Page 2 of 1040 – line 21(a))

If the IRS has received your return it will either indicate that “Your Tax Return is Still Being Processed” or if it has been processed it will indicate the expected refund date. If this tool does not locate your return you can check with us (or whoever prepared your income tax return) to verify that it was e-filed and accepted by the IRS.

Q3: Do I need to do anything special as I bring employees back to work?

Answer: You should be reaching out to your employees as you plan to reopen your office. Part of the PPP loan forgiveness is based on getting back to pre-COVID levels of employment. You do not necessarily need to bring back the exact same employees, but keep in mind that any changes such as terminations, layoffs, permanent reduction in hours, etc. should be coordinated with your attorney and HR policies.

If you offer to bring an employee back and they refuse or request to delay their return, you may be able to count that employee towards your PPP forgiveness calculation. In other words, that employee not coming back will not hurt your employment numbers in the PPP calculation. However, this must be supported with written documentation. Be sure to keep all communications relating to this including the employee's reason for not wanting to come back to work. Again, consult with an attorney or HR specialist as needed.

Q4: Do I still need to worry about the FFCRA?

Answer: With your practice in the process of reopening, now is a good time to review the details of the Family First Coronavirus Relief Act (FFCRA). This was one of Congress' first actions related to the pandemic. Up until now, it has mostly been inapplicable to Washington dentists, as your office has been closed by a government order. Employees are only eligible when their reason for missing work is because they or their families have been impacted by COVID-19. If the office is closed, that is the reason for them being out of work. However, once your office opens back up, your employees could be eligible for FFCRA coverage.

With all employment issues, be in regular communication with your attorney or HR specialist to ensure you are following all applicable laws. The information we provide here is more of a reminder of the accounting and financial issues, but none of this should be construed as legal advice.

Under the law, up to 80 hours of paid sick leave (based on their regular pay rate) must be paid to eligible employees (those who have worked for your practice at least 30 calendar days), who meet any of the following tests:

1. The employee is under a federal, state or local quarantine, or isolation order because of COVID-19.
2. The employee is advised by a healthcare provider to self-quarantine because of COVID-19.
3. The employee has symptoms of COVID-19 and is seeking a medical diagnosis.
4. The employee is caring for an individual who meets one of the first 2 conditions above.
5. Up to 12 weeks paid leave (expanded FMLA leave) is available if the employee is caring for a son or daughter whose school or daycare is closed due to COVID-19, or whose care provider is unavailable for the same reason.

The amount of paid sick leave is capped at \$511 a day, or \$5,110 total, if claimed due to reasons 1, 2, or 3 above, or \$200 a day, or \$2,000 in the aggregate, if claimed due to reasons 4 or 5 above. The full amount paid under FFCRA will be reimbursed to you as a credit against your payroll taxes on Form 941. If you pay such wages, it is crucial to let your payroll provider know and to not use PPP funds for this purpose.

There is an exception to FFCRA coverage for employers with fewer than 50 employees. However, it only applies to coverage under scenario 5 above (caring for children displaced by closed schools or daycare). To meet the exception, you must determine that offering coverage would put your business' continued existence in doubt, a seemingly difficult hurdle to pass.

Note that any wages paid under this provision do not also count for the PPP loan forgiveness.

Q5: Does my triple-net lease payment qualify as rent expense for PPP forgiveness?

Answer: We have not seen a definitive yes or no to this, but we imagine it should count as rent expense, possibly depending on the language of your rental agreement. If you pay one monthly amount that includes rent, property taxes, maintenance, and insurance, we believe it would be impractical to bifurcate this amount and determine what the typical "rent" amount would be. However, if your agreement specifically mentions how much is for rent, how much is property tax, etc., then you should only count the rental portion for PPP purposes. As part of your forgiveness application, the bank will likely want to see a copy of your rental agreement.

Q6: What documentation will I need for the loan forgiveness application?

Answer: You will be required to submit documentation verifying the amounts paid for eligible payroll and nonpayroll costs with your PPP loan forgiveness application. Your bank will indicate specifics but this may include bank account statements, third-party payroll service provider reports, tax forms, lender amortization schedules, copy of current lease agreement, copy of bills/invoices, payment receipts, cancelled checks, and/or account statements.

In addition to any required documentation that you must submit to your bank, you must also maintain a copy of the Schedule A Worksheet or equivalent along with documentation showing the listing of each individual employee, documentation regarding any employee job offers and refusals, firings for cause, voluntary resignations, and written requests by any employee for reductions in work schedule, and lastly documentation supporting your FTE Reduction Safe Harbor (6/30 deadline).

You will need to keep all this documentation for at least six years after the date the loan is forgiven or repaid in full, and permit authorized representatives of SBA, including representatives of its Office of Inspector General, to access such files upon request.

Eligible Business Costs	Supporting Documentation (verifying amounts and eligible payments)
Employee Compensation (Cash/Gross Wages)	<ul style="list-style-type: none"> • Third-party payroll service provider reports or bank account statements • Payroll tax filings reported, or that will be reported, to the IRS (typically, Form 941)
Health Insurance	<ul style="list-style-type: none"> • Payment receipts, cancelled checks, or account statements documenting the amount of any employer contributions
Retirement Benefits	<ul style="list-style-type: none"> • Payment receipts, cancelled checks, or account statements documenting the amount of any employer contributions
State and Local Taxes	<ul style="list-style-type: none"> • Tax forms (or equivalent third-party payroll service provider reports) • State quarterly wage reporting and unemployment insurance tax filings reported, or that will be reported
Loan Interest (Secured Debt only)	<ul style="list-style-type: none"> • Lender account statements from February 2020 and the months of the Covered Period through one month after the end of the Covered Period • Lender amortization schedule and receipts or cancelled checks verifying eligible payments
Rent or Lease	<ul style="list-style-type: none"> • Copy of current lease agreement and receipts or cancelled checks verifying eligible payments from the Covered Period • Lessor account statements from February 2020 and from the Covered Period through one month after the end of the Covered Period
Utilities	<ul style="list-style-type: none"> • Copy of invoices from February 2020 and those paid during the Covered Period and receipts, cancelled checks, or account statements

Q7: Can I continue to have my payroll company defer the payment of my payroll taxes?

Answer: You may continue to defer deposit and payment of the employer's share of Social Security tax (if you elected to do so) but only through the date the lender issues a decision to forgive the PPP loan. Once you receive a decision that your PPP loan is forgiven, you are no longer eligible to defer applicable tax payments. However, the amounts that were deferred through the date that the PPP loan is forgiven continues to be deferred and will be due on the applicable dates (50% on December 31, 2021 and 50% on December 31, 2022).

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.