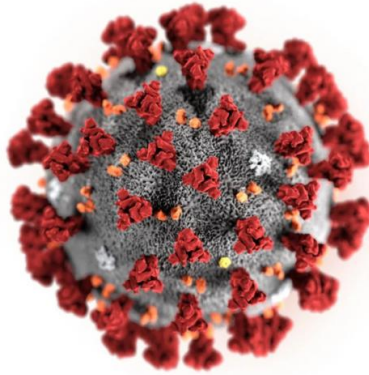


Congressional Responses to COVID-19: How Do They Impact My Club?



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Private Club Consultants

- PCC was created to provide in-depth legal and operational answers for the club industry
- Our mission is simple:
 - To help you implement new legislative and regulatory requirements – with minimal impact to your club’s bottom line, and
 - To help you understand what you can and cannot do to keep your club’s private and tax-exempt status intact – without sacrificing your strategic goals
- We are “Your Trusted Source For Answers”

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Congressional Responses



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Phase 2 - Paid Sick Leave

- 80 hours for FTers (avg. hrs. of work over two-weeks for PTers)
 - Valid 4/1/20 thru 12/31/20
 - Any employee (regardless of time at club) is entitled to paid sick leave if he can't work (or telework) because:
 - He is subject to a federal, state, or local COVID-19 quarantine/isolation order,
 - He is being advised by a healthcare provide to self-quarantine,
 - He is experiencing symptoms and seeking a diagnosis,
 - He is caring for someone subject/advised to quarantine,
 - He is caring for a son/daughter whose school or daycare is closed b/c of COVID-19, or
 - He is experiencing "substantially similar" health conditions as established by the Sec. of HHS
 - If he requests it for the first 3 reasons, he gets full pay for the hours he normally works - but no more than \$511/day or \$5,110 total
 - If he requests if for the second 3 reasons, he gets 2/3rds his pay for the hours he normally works - but no more than \$200/day or \$2,000 total
 - May NOT require him to take earned PTO before requesting this paid sick leave
 - Club must post a new "Informational Poster" by DOL explaining this new mandate

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Phase 2 - Paid Family and Medical Leave

- Twelve weeks of paid family and medical leave – valid 4/1 to 12/31
 - Any employee (must be on payroll since 3/2/20) is entitled to 12 weeks of paid FML if he can't work (or telework) due to:
 - Caring for a minor child whose school/daycare is closed due to COVID-19 – this is the only way to get paid FML
 - The first 10 days (2 weeks) does not need to be paid by the club
 - He may use PTO or the new Paid Sick Leave – can't force one over the other
 - The remaining 10 weeks, he gets 2/3rds his pay for the hours he normally works – but no more than \$200/day or \$10,000 total
 - Club must post a new “Informational Poster” by DOL explaining this new mandate
 - Clubs may rehire someone and, as long as he was on staff for 30 of the previous 60 days, he gets the benefit

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Phase 2 - Paying For The New Benefits

- Clubs will receive a tax credit covering 100% of these new benefit payments
 - The “tax credit” will actually be a tax break
 - Clubs are entitled to retain from their payroll tax deposits the total amount of these payments
 - IRS guidance indicates that “payroll taxes” includes withheld federal income taxes as well as employer and employee FICA contributions
 - If there isn't enough in the payroll taxes to cover the payments, the club is entitled to file for an accelerated payment from the IRS to cover the remaining amount
 - No penalty for failing to deposit these payroll taxes
 - Interestingly, the actual law only indicates that FICA (and only the 6.2% for S.S. portion) can be used to reimburse employers for the payments....
 - Clubs are also entitled to an immediate credit for the employer portion of health care premiums paid for employees taking the new leave

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Phase 3 - Deferment of Employer Payroll Tax

- Clubs are entitled to defer payment of payroll tax for wages paid thru 2020
 - Applies only to the 6.2% paid for the Social Security tax (not the 1.45% for Medicare tax)
 - Payment will be due as follows:
 - 50% of these deferred taxes by 12/31/21
 - Remainder by 12/31/22

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Phase 3 - Employee Retention Tax Credit

- Clubs will receive a tax credit to offset their 6.2% Social Security payroll tax
 - Clubs are eligible if:
 - They are subject to a full/partial shutdown order from the government due to COVID-19, OR
 - They have suffered an economic slowdown where gross receipts in a Q are less than 50% of the gross receipts for the same Q in 2019
 - The tax credit you'll earn equals 50% of "Qualified Wages" - defined as:
 - For clubs with an average of >100 FTers in '19, the wages paid to a worker who was retained but did not work during the Q with the shutdown order or the economic slowdown
 - For clubs with 100 or less FTers in '19, the wages paid to a worker, whether working or not, during the Q with the shutdown order or the economic slowdown
 - You do not receive the credit for wages paid to those on Paid Sick Leave or Paid FML, but "wages" does include what the club pays for HI for the worker
 - "Qualified Wages" are capped at \$10K/employee - so the total credit you may earn is \$5K/employee - and it is for wages paid from 3/13/20 to 12/31/20

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Phase 3 - Employee Retention Tax Credit

- Tax credit is applicable quarterly
 - It only applies to the S.S. payroll tax due each Q
 - If your credit is more than your quarterly S.S. tax liability, the excess is REFUNDABLE to you
 - It is expected you will be able to simply retain that excess from other taxes rather than requesting a refund from the government
 - Treasury/IRS will issue guidance soon

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Phase 3 - Federal Expansion of UI Benefits

- Federal government provides two new benefits:
 - The standard unemployment benefit is expanded for 13 more weeks - for a total of 39 weeks
 - All workers will receive an additional \$600/week for 4 months - this is in addition to the state's benefit per week
 - For many of your employees, this could provide them more compensation than they would receive if they stay on your payroll....
 - These new benefits are retroactive to 1/27/20 and terminate 12/31/20

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Questions



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