

PCL US SUBCONTRACTOR COVID-19 RESOURCE GUIDE

PCL has created this COVID-19 Guide to provide general summary information to our subcontractors and suppliers to support their business needs as they manage issues related to COVID-19, which could include reduced working capital, government ordered shutdowns, and regulatory obligations. Please note that it is your responsibility to review all official information and to make any related business decisions in your sole judgment. **Please consult legal advisors, financial advisors and the final rules and regulations for applicable guidance.**

I-CARES Act

This became law on March 27, 2020, and provides enhanced unemployment benefits, employee retention credits for workers subject to qualified job closure, the ability to defer employer social security payments, and an SBA loan program for businesses who qualify. Some of the key employer provisions are noted below (other provisions may provide benefits):

Employee Retention Credit for Employers Subject to Closure due to COVID-19 (Sec. 2301). This section creates a credit against employment taxes equal to 50% of qualified wages, including employer paid health plan expenses, up to a maximum of \$10,000 per employee incurred beginning March 13, 2020 and ending December 31, 2020. This applies to any business whose operations are fully or partially suspended due to orders from an appropriate governmental authority limiting commerce, travel, or group meetings due to COVID-19. It also applies to businesses which experience a significant decline in gross receipts (less than 50% of the corresponding quarter for the prior year). Credits cannot be duplicated if they are secured under certain other tax credit programs.

See additional information on the Employee Retention Credit at the following IRS website:

<https://www.irs.gov/newsroom/irs-employee-retention-credit-available-for-many-businesses-financially-impacted-by-covid-19>

Payroll Tax Deferral (Sec. 2302). This section changes the due date of applicable employment taxes incurred beginning March 27, 2020 and ending December 31, 2020. Applicable employment taxes are equal to the employer's portion of Social Security (6.2%) up to the cap. Payment of these taxes is deferred until: December 31, 2021, with respect to 50% of the deferred amount and December 31, 2022 with respect to the remaining amount. The wording of the statute indicates that the employer will be treated as having made all deposits of deferred taxes timely if they are paid no later than the deferral date. This indicates that if a deferred payment is late it would be treated as if it were late from the original due date. The benefit of this provision is solely for cash flow liquidity, and must be repaid per the dates listed above.

Paycheck Protection Program (Sec. 1102). The Paycheck Protection Program ("PPP") is a Small Business Association (SBA) loan program available to entities with either 500 or fewer employees, or annual revenue below the SBA limits. It is designed to provide a source of funding to allow employers to retain workers by paying payroll and to make mortgage interest, lease, or utility payments (See Details). The amount of the loan is 2.5 times the average monthly payroll for the past year with a cap of \$10M. The

loan does not require a personal guarantee or collateral as it is fully guaranteed by the SBA. The loan is eligible for forgiveness on a tax-free basis to the extent it is used for allowable purposes (75% of forgiven amount must be used for payroll). Forgiveness is contingent on maintaining, or quickly rehiring, employees and maintaining salary levels. Forgiveness will be reduced due to a decline in employees or wages as measured in relation to a period prior to COVID-19. Any amount remaining after forgiveness converts into a loan with a 2 year maturity date and a maximum interest rate of 1%. Applications for PPP loans can be made beginning April 3, 2020 through SBA approved lenders.

Note: Participation in PPP will exclude an employer from participating in the Employee Retention Credit and deferral of applicable employment taxes under Sections 2301 and 2302 of the CARES Act, respectively.

Please see following U.S. Department of the Treasury website for more information:

<https://home.treasury.gov/coronavirus> (See Assistance for Small Businesses)

II-Families First Coronavirus Response Act (FFCRA)

This act requires certain employers to provide employees with expanded family and medical leave for specified reasons related to COVID-19. The Department of Labor's Wage and Hours Division administers and enforces the new law's paid leave requirements. These provisions will apply from April 1, 2020 through December 31, 2020. A summary of the act is as follows:

FFCRA requires certain employers to provide their employees with paid sick leave or expanded family and medical leave for specified reasons related to COVID-19. The Department of Labor's (Department) Wage and Hour Division (WHD) administers and enforces the new law's paid leave requirements. These provisions will apply from the effective date through December 31, 2020.

Generally, the Act provides that covered employers must provide to **all employees**:

- *Two weeks (up to 80 hours) of **paid sick leave** at the employee's regular rate of pay* where the employee is unable to work because the employee is quarantined (pursuant to Federal, State, or local government order or advice of a health care provider), and/or experiencing COVID-19 symptoms and seeking a medical diagnosis (Up to \$511 per day, \$5,110 in the aggregate); or
- *Two weeks (up to 80 hours) of **paid sick leave** at two-thirds the employee's regular rate of pay* because the employee is unable to work because of a bona fide need to care for an individual subject to quarantine (pursuant to Federal, State, or local government order or advice of a health care provider), or care for a child (under 18 years of age) whose school or child care provider is closed or unavailable for reasons related to COVID-19, and/or the employee is experiencing a substantially similar condition as specified by the Secretary of Health and Human Services, in consultation with the Secretaries of the Treasury and Labor. (Up to \$200 per day, \$2,000 in the aggregate).

A covered employer must provide to **employees that it has employed for at least 30 days**:

- *Up to an additional 10 weeks of **paid expanded family and medical leave** at two-thirds the employee's regular rate of pay* where an employee is unable to work due to a bona fide need for

leave to care for a child whose school or child care provider is closed or unavailable for reasons related to COVID-19. (Up to \$200 per day, \$10,000 in the aggregate).

The following Department of Labor website provides additional information on FFCRA including posting requirements:

<https://www.dol.gov/agencies/whd/pandemic>

III-Other Tax Support

Tax Payments and Filings – On April 9, 2020 the IRS issued Notice 2020-23 extending the filing and payment obligations of specific Federal taxes due on or after April 1, 2020 and before July 15, 2020 to July 15, 2020. The extension applies to 1.) individual income tax returns, payments, and estimates; 2.) calendar and fiscal year corporate income tax returns, payments, and estimates; 3.) calendar and fiscal year partnership returns. The relief is automatic and does not require any action from the taxpayer so long as the returns and payments extended by this relief are filed and paid on or before July 15, 2020. An additional extension, beyond July 15, 2020, may be available from the IRS upon request.

The relief granted by the IRS is only applicable to Federal tax obligations. However, many state and local governments are implementing their own programs to defer the filings and payments of state income tax, sales/use tax, and property tax. Please check with the states, counties, and cities in which you operate for possible relief.

Full details of the relief under Notice 2020-23 can be found here: <https://www.irs.gov/pub/irs-drop/n-20-23.pdf> [irs.gov]

Additional resources from the IRS related to the COVID-19 outbreak can be found here:

<https://www.irs.gov/coronavirus/coronavirus-tax-relief-for-businesses-and-tax-exempt-entities> [irs.gov]

IV-Industry Resources (Check Your Local Chapters as Well)

American Subcontractor's Association (ASA) Guidance-The American Subcontractor Association has COVID-19 info on their website per the following link:

<https://www.asaonline.com/>

The Associated General Contractors of America (AGC) Guidance-The Associated General Contractors of America has COVID-19 info on their website per the following link:

<https://www.agc.org/coronavirus>

Associated Builders and Contractors (ABC) Guidance-The Associated Builders and Contractors has COVID-19 info on their website per the following link:

<https://abc.org/coronavirus>

National Hispanic Contractors Association-The National Hispanic Contractors Association has COVID-19 info on their website per the following link:

<http://builtbylatinos.org/>

National Black Contractors Association-The National Black Contractors Association's website is per the following link:

<https://nationalbca.org/>

V-Other Local Support

We would encourage you to work with State, County and City based organizations in your community for additional resources and support including:

- Offices of Economic Development and Urban Renewal;
- Small Business Administration and Disadvantaged Business Enterprise Programs;
- United Way and other local charitable organizations;