

Coronavirus Stimulus Package Signed into Law: What Employers Need to Know

By Ashley Dillingham, J.D.
Compliance & HR Manager

On December 27, 2020 President Trump signed into law the [Consolidated Appropriations Act](#) (2021). This new law serves as an extension of the [CARES Act](#) and provides Coronavirus relief to both employers and employees.

Employer Relief Provisions

1.) Additional Funding for Paycheck Protection Program (PPP) Loans

- An additional \$284 billion will be available to eligible employers (employers with 500 or fewer employees).
- Employers who previously received a PPP loan will still be eligible to apply for a second PPP loan under the new law.
- To review how the PPP loan must be used in order to receive loan forgiveness, please review our previous Compliance Alert: [“The CARES Act Small Business Loan May Help Employers Maintain Payroll & Employee Health Benefits”](#).

***PLEASE NOTE:** The [SBA](#) is expected to release new guidance regarding this round of PPP loans. Our office will send out an additional Compliance Alert once this guidance is released.

2.) Continued Health FSA & DCAP Design Flexibility

The following provisions are ***not mandatory***. However, if you do wish to make any of the following changes you will be required to amend your plan documents accordingly. (**Please Note:** If BRSi handles your SPD & Wrap plan documents, we will provide you with any necessary amendment documents upon request.)

- Employers may allow FSA & DCAP participants to carry over any unused funds from 2020 to use in 2021. This provision also allows for a carryover of unused funds from 2021 into 2022.
- Employers may allow for a grace period (up to 12 months) for unused FSA & DCAP funds for plan years ending in 2020 or 2021.
- Employers may allow FSA participants who terminate during the 2020 or 2021 plan year to spend down their unused funds for any expenses incurred through the end of the plan year in which the termination occurred, including any grace period.
- Employers may allow for a prospective change in election amounts for FSAs & DCAPs for plan years ending in 2021 without a change in status event.
- Employers may increase the eligible age for children’s dependent care to 13 (from 12) for the 2020 plan year.

3.) Extension of Employer Credits for Paid Emergency FMLA & Paid Emergency Sick Leave

- The [Families First Coronavirus Act \(FFCRA\)](#) provided employers with a refundable payroll tax credit for providing eligible employees with paid FMLA and paid sick leave under the act. The new law extends this tax credit through **March 31, 2021**.
- The law **does not extend the FFCRA** (which is set to expire on December 31, 2020). So, employers will no longer be required to provide employees with paid FMLA & paid sick leave under the act. If employers decide to **voluntarily** offer paid FMLA & paid sick leave (for COVID-19 related reasons), employers will be eligible for the payroll tax credit through March 31, 2021.

Employee Relief Provisions

1.) Second Round of Stimulus Checks

- If you earned \$75,000 or less in 2019, you will receive a stimulus check for \$600.
- If you filed a joint tax return in 2019 and earned \$150,000 or less, you will receive a stimulus check for \$1,200.
- For those earning more than \$75,000 or \$150,000 (jointly), payments will be decreased proportionately.
- If you have dependent children under age 17, you will also receive an additional \$600 per child (as long as you qualify for the stimulus check based on your income).

2.) Extension of Federal Unemployment Benefits

- The federal government will provide an additional \$300 per week in unemployment benefits until **March 14, 2021**.

If you have any additional questions or concerns please contact me at adillingham@benefitreview.com

Disclaimer: This Compliance Alert is for informational purposes only. It is not intended to be exhaustive and should not be construed as or substituted for legal or tax advice. Please consult with legal counsel or a tax advisor for further guidance.

Page 2 of 2

Benefit Review Services, Inc.

43370 Mound Road
Sterling Heights, MI 48314
586.997.1700
www.brsibenefits.com

816 9th Street SW
Vero Beach, FL 32962
772.257.5439



To view all articles, click [here](#).