



COVID-19 - Update

Dear Clients,

Below are many of the concerns clients have had due to recent events with some ideas to consider. Things change daily so please stay tuned for updates and plan to be flexible. Remember – this will pass and you need to make sure you are taking steps so that you meet immediate obligations but also build a culture with your employees that is necessary in the long term for a successful practice.

Current week payroll – Payroll paid this week is typically for a prior period for services already rendered. Services have been performed so wages must be paid.

Future pay periods – Non-exempt (typically hourly) employees only need to be paid for time they are working. If a non-exempt employee is not working, the employee can use vacation pay if available. Exempt employees receiving a salary will need to be paid for the entire week even if they only work one day. Try to utilize your exempt employees to continue to answer the phones, manage billing/collections, and perform other duties that still need to occur even if you are not seeing patients. An employee not working due to an office closure would not normally use state mandated sick time unless the employee is otherwise eligible. Please note this could drastically change with future guidance and we recommend speaking with an employment attorney regarding your specific situation. We have listed below suggestions of professionals we have worked with.

Unemployment – H.R. 6201 and state changes relax some of the unemployment eligibility requirements. Many owners themselves have asked if they qualify for unemployment. If a business owner is still receiving collections and is still in the office doing work, it is more difficult to justify an unemployment claim. However all W-2 employees including shareholder W-2 employees are potentially eligible. Please be aware that unemployment claims could result in additional scrutiny such as an unemployment audit, and the claims will increase the practice's unemployment insurance rate.

Relief – There is no income tax relief for lost income. You are taxed on income received for work performed and not taxed on income if not performed. If work isn't performed and as a result not billed or collected, then it will not be taxed but isn't an additional deduction or credit. Contact your insurance provider to see if such an office closure in the current environment is covered by your policy.

Many employees will hear about paid leave as previously announced by the President. H.R. 6201 would provide some required payments and then be partially offset by a tax credit for two weeks of pay. However H.R. 6201 has not yet passed the Senate. Once it passes, the Labor and Treasury Departments will need to issue guidance on how it is implemented.

It is essential that you remain in contact with your payroll company who you will work with to determine if your business is eligible to receive the credit and also to make sure payroll for future periods is properly reported.

No one knows how long this disruption will last or what actions might be necessary when we try to get back to a new normal. But when making employment decisions it is important to remember the impact on employee loyalty and practice culture. The immediate decision to tell an employee to collect unemployment may result in the employee not coming back when you need them. You can always do more than

the minimum such as covering health insurance or continuing to pay employees for a period of time until you have a better understanding of what actions are necessary. We understand that for some this may not be possible, but consider what options are available.

Webinar – The CIP Human Resource Group is a company that specializes in outsourced Human Resource needs for small businesses. CIP has set-up two webinars tomorrow to discuss recent House Bills, (MA) Governor's Orders, Small Business Recovery Loan Funds and help to answer questions you may have as they relate to Human Resources, Benefits & Retirement Plans.

If you would like to learn more about these issues, please sign up for one of the following webinars (same topics will be covered in both, we wanted to provide you with two times available tomorrow). When signing up, please feel free to list any questions you currently have that you would like addressed

Wednesday, March 18, 2020 - 11:00AM EST

Sign Up Here:

<https://attendee.gotowebinar.com/register/6864860627250692099>

Wednesday, March 18, 2020 - 1:00PM EST

Sign Up Here:

<https://attendee.gotowebinar.com/register/1466641164917188609>

Direct taxpayer relief – The President and Treasury Secretary just announced that within two weeks they want to send out payments directly to taxpayers, which are rumored to be around \$1,000. The intention is so that people such as your employees can continue to pay necessary costs. This has not yet been finalized and we do not know yet what taxpayers will qualify. In the past, similar relief was paid as an advanced tax credit which some taxpayers then had to repay if their income exceeded certain levels.

IRS Delay – Lastly, many have asked about whether the IRS will extend the upcoming 4/15 deadline and related tax payments. The

President and Treasury Secretary just announced payments of up to \$1 million will be delayed without penalty for 90 days. Such a delay will not eliminate your 2019 tax liability (if any), but could help meet immediate cash flow concerns. We do not yet know additional details such as whether an extension form needs to be filed, whether it covers estimates, or who will be eligible so please remain patient and stay tuned for future guidance. States are still discussing what actions they will take and we will send a summary when available.

Employment lawyer recommendations:

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Employment attorney – click link for contact info

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