

2020 PAYROLL TAX UPDATE

Coronavirus Tax Relief Enhancement

User Guide

AccountMate Software Corporation

1445 Technology Lane | Suite A5 | Petaluma, California 94954 | USA
800-877-8896 | 707-774-7500 | www.accountmate.com

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CORONAVIRUS TAX RELIEF ENHANCEMENT

USER GUIDE

May 2020

Overview

The government is offering tax help for taxpayers, businesses, tax-exempt organizations, and others – including health plans – affected by coronavirus (COVID-19). The **Families First Coronavirus Response Act (FFCRA)** and the **Coronavirus Aid, Relief and Economic Security (CARES)** Act provide a variety of tax credits and grants to employers in response to the COVID-19 pandemic.

Families First Coronavirus Response Act (FFCRA)

The FFCRA requires employers with less than 500 employees to provide emergency paid sick leave and expanded family and medical leave from April 1, 2020 through December 31, 2020 for specified reasons related to COVID-19. Employers covered under the Act must provide employees:

- a. Up to 2 weeks (80 hours, or a part-time employee's two-week equivalent) of paid sick leave based on the higher of their regular rate of pay, or the applicable state or Federal minimum wage, paid at:
 - 100% for qualifying reasons #1-3 below, up to \$511 daily and \$5,110 total;
 - 2/3 for qualifying reasons #4-6 below, up to \$200 daily and \$2,000 total
- b. Up to 12 weeks, 2 weeks of paid sick leave and 10 weeks of expanded family and medical leave paid at 2/3 for qualifying reason #5 below for up to \$200 daily and \$10,000 total.

Qualifying Reasons for Leave Related to COVID-19

An employee will receive paid sick leave and expanded paid child care leave benefits related to COVID-19 if the employee is unable to work, including unable to telework, because the employee:

1. is subject to a Federal, State, or local quarantine or isolation order related to COVID-19;
2. has been advised by a health care provider to self-quarantine related to COVID-19;
3. is experiencing COVID-19 symptoms and is seeking a medical diagnosis;
4. is caring for an individual subject to an order described in (1) or self-quarantine as described in (2);
5. is caring for a child whose school or place of care is closed (or child care provider is unavailable) for reasons related to COVID-19; or
6. is experiencing any other substantially similar condition specified by the Secretary of Health and Human Services, in consultation with the Secretaries of Labor and Treasury.

Employers can receive a refundable tax credit for the cost of providing the emergency paid sick leave and expanded family and medical leave required under FFCRA. The tax credit can be used to reduce an employer's federal payroll liability and the employer can request an advance tax credit.

Coronavirus Aid, Relief and Economic Security (CARES) Act

Under the CARES Act, all employers can receive a tax credit for continuing to pay employees while they are fully or partially shutdown due to government COVID-19 order, or while they experience a significant loss in gross receipts. These employers are entitled to an employee retention credit equal to 50% of the qualified wages paid to employees, including qualified health plan expenses, from March 13, 2020 through December 31, 2020.

IMPORTANT! Consult your Tax Accountant on the applicability and implementation of the Coronavirus Tax Relief programs to your specific business.

Given the above FFCRA and CARES Act provisions, AccountMate provides the following features to record and track COVID-19 related earnings and tax credit claims:

- An option to assign **FFCRA Type** to applicable earning code to track paid leave wages related to COVID-19
- A new report called **Federal Tax Credits Report** that provides information on applicable paid wages, health plan, employee retention, and other credit
- A new function called **Federal Tax Credits Claim** that allows users to record claimed credits under FFCRA, employee retention under CARES Act, and other tax credits
- A **Recalculate Employer FICA** utility that allows users to recalculate employer FICA for checks issued beginning April 1, 2020. Based on FFCRA, the eligible employer is not subject to the employer portion of Social Security tax (FICA) imposed on qualified paid leave wages.
- This comprehensive **User Guide** that provides step-by-step instruction on how to install the enhancement package and the recommended setup and implementation.

Take note of the IMPORTANT information below about this enhancement:

- You only need to install the enhancement package if you or your clients need to track FFCRA-related paid leave and earnings and CARES Act-related Employee Retention Credit.
- The enhancement package is version/build-specific. Be sure to download the correct package for your AccountMate version/build.
- You must install the enhancement package together with the PR Tax Subscription Program (Version # 2020.07 or later).
- If you have modified the Remote Views in the Payroll module, then you must re-apply your modification to the Remote Views *after* installing the PR Tax Subscription Program (Version # 2020.07 or later). The tax update includes table structure changes and Remote Views update to PREARN and PRTERN_DESC.
- You can install the PR Tax Subscription program without installing the enhancement package if you do not need the FFCRA and CARES-Act-related features. Remember to

re-apply your modification to the Remote Views after installing the PR Tax Subscription Program.

The discussion that follows provides the steps on how to use these enhancements from paid leave code and earning code set up through recording of earnings and tax credits from FFCRA, employee retention, and others; recalculation of employer FICA; and generation of the related report. Frequently asked questions and resources about FFCRA and CARES Act are also provided in this document.

Installing the Enhancement Package

1. Verify that no one is accessing AccountMate.
2. Backup all company databases, including the sample company and amwsys database, Common Files folder, and AccountMate program files.
3. Download and install the latest **Payroll Tax Subscription Program**.

IMPORTANT! *If you have modified the Remote Views in the Payroll module, then you must re-apply your modification to the Remote Views after installing the PR Tax Subscription Program (Version # 2020.07 or later). The tax update includes table structure changes and Remote Views update to PREARN and PRTERN_DESC.*

4. Verify that the latest Payroll Tax Subscription Program was successfully installed by checking the following:
 - AccountMate Program Files Root Directory – **amsqlts.exe** has a modified date of 05/29/2020 or later
 - Help ► About AccountMate ► Payroll ► **Payroll Tax Subscription Version # – 2020.07** or later
5. Download the enhancement package, **fix10018931_msxxx.zip** (where xxx is the AccountMate version), for the AccountMate version that you are using from the [Payroll Tax Subscription Center](#) or [Knowledge Base](#) section of the AccountMate website.
6. Extract the contents of the zipped file into the **CommonFiles** folder of your AccountMate installation.
7. Verify that the following files are in the **Patches** folder of the CommonFiles folder:
 - Prmearn.sct/scx
 - Prmpymt.sct/scx
 - Prproc.fxp/prg
 - Prtpmt2.sct/scx
8. Download the latest **Patches_MSXXX.txt** file (where XXX is the AccountMate version) from the [Tools and Utilities](#) section of the AccountMate website. Double-check that you have downloaded the correct file for the AccountMate version that you are using especially if you have installed a Service Pack (e.g., If you are using MS1101.SP1, then verify that you have downloaded Patches_MS1101SP1.txt and not Patches_MS1101.txt). Place the file in the CommonFiles ► Patches folder.
9. If you want to install the **Recalculate Employer FICA** utility, then download the **Recalculate_Employer_FICA.zip** file from the Payroll Tax Subscription Center; otherwise, proceed to step # 11.

10. Extract the contents of the zipped file to the **CommonFiles** folder of your AccountMate installation.
11. Verify that the following files are in the **CommonFiles** folder:
 - CommonFiles Root Directory: ammenu2.dbf
 - Patches: prmrerf.sct/scx
12. Run the AccountMate Administrator program.
13. Run the main AccountMate program and log in to verify the enhanced forms, new report, and utility.

Creating FFCRA Paid Leave Codes

1. Create a paid leave code to handle sick leave due to qualifying reasons described in 1-6 above. See Figure 1 for the recommended setup.
 - **Max Balance Hours, Max Accrued Hrs, and Accrued Hrs** are based on the maximum number of hours allowed for paid sick leave under the Emergency Paid Sick Leave Act.
 - **Max Carry Over** is set to zero since the provision applies only until December 31, 2020; thus, no leave balance must be carried over to the next accrual year.

The screenshot shows the 'Paid Leave Code Maintenance' window. The 'Paid Leave Code' field is set to 'EPSLA'. The 'Description' is 'Emergency Paid Sick Leave Act' and the 'Short Description' is 'COVID-19 EPSLA'. The 'Allow Negative Balance' checkbox is unchecked. Under 'Automatically Update Employee Tier on Anniversary Date', the 'Update in Current Pay Period' radio button is selected. The 'Accrual Method' is set to 'At Beginning of Year'. The 'Accrual Year' is set to 'Calendar'. A table below shows the following data:

Seq	Tier	Years	Months	Qualifying Hours	Max Balance Hours	Max Carry Over	Max Accrued Hrs	Accrued Hrs
10	1	0	0	.00	80.00	.00	80.0000	80.0000

At the bottom, the 'Liability Account' is '220110-000-00' (Accrued Payroll) and the 'Expense Account' is '800200-100-00' (Wages Exp - Administrative Staff). Buttons for 'Add', 'Insert', and 'Delete' are visible.

Figure 1 – Paid Leave Code Setup for Emergency Paid Sick Leave

2. Create another paid leave code to handle expanded family and medical leave due to the qualifying reason described in 5 above. See Figure 2 for the recommended setup.
 - **Max Balance Hours, Max Accrued Hrs, and Accrued Hrs** are based on the maximum number of hours allowed for expanded family and medical leave under the Emergency Family and Medical Leave Expansion Act.

- **Max Carry Over** is set to zero since the provision applies only until December 31, 2020; thus, no leave balance must be carried over to the next accrual year.

Paid Leave Code Maintenance

Update Delete Copy Clear Close By Leave Code

Paid Leave Code: **EFMLA**

Description: Emerg Family & Medical Leave

Short Description: COVID-19 EFMLA

Allow Negative Balance

Automatically Update Employee Tier on Anniversary Date

Update in Current Pay Period

Update in Next Pay Period

Accrual Method

At Beginning of Year Per Pay Period Per Hour Work

Accrual Year

Calendar Fiscal Anniversary

Seq	Tier	Years	Months	Qualifying Hours	Max Balance Hours	Max Carry Over	Max Accrued Hrs	Accrued Hrs
10	1	0	0	.00	400.00	.00	400.0000	400.0000

Add Insert Delete

Liability Account: 220110-000-00 Accrued Payroll

Expense Account: 800200-100-00 Wages Exp - Administrative Staff

Figure 2 – Paid Leave Code Setup for Expanded Family and Medical Leave

Creating FFCRA Earning Codes

Create an earning code assigned with a **Leave Earning Type** for each **FFCRA Type** based on qualifying reasons for leave related to COVID-19. Then, link the earning code to the paid leave code created in the previous section.

1. **EPSLA1-3 (Conditions 1-3)** (Emergency Paid Sick Leave Act – Conditions 1 through 3) - use this FFCRA Type if the employee is unable to work, including telework, due to qualifying reasons described in (1), (2), or (3) above. If this is the FFCRA Type selected, then assign the paid leave code created for paid sick leave (see Figure 1). The factor rate is automatically set to 1 X Regular. See Figure 3.

The screenshot shows the 'Earning Code Maintenance' window. At the top, there are navigation buttons: Update, Delete, Copy, Clear, Close, and a 'By' dropdown set to 'Earning Code'. The main area is divided into 'Information' and 'Default Leave Settings' tabs. Under 'Information', the 'Earning Code' is 'EPSLA1-3' and the 'Description' is 'Emergency Paid Sick Leave Act'. The 'Short Description' is 'Paid Sick Leave'. The 'Department #' field is empty. 'Taxable' is checked. Under 'Earning Type', 'Leave' is selected with the code 'EPSLA'. Under 'Default Leave Settings', 'Worker's Comp Group' and 'Worker's Comp Code' are empty. 'FFCRA Type' is set to 'EPSLA (Conditions 1-3)'. The 'Rate' section has '1.000 X Regular' selected. A table at the bottom has columns for 'Wage/Service Expense Account', 'Tax Expense Account', 'Worker's Comp Expense Account', and 'Dist %'. Below the table are fields for 'Wage/Service Expense Account Description', 'Tax Expense Account Description', and 'Worker's Comp Expense Account Description'. At the bottom are 'Add' and 'Delete' buttons.

Figure 3 –Earning Code Setup for EPSLA Conditions 1-3

- EPSLA4-6 (Conditions 4-6)** (Emergency Paid Sick Leave Act – Conditions 4 through 6) - use this FFCRA Type if the employee is unable to work, including telework, due to qualifying reasons described in (4), (5), or (6) above. If this is the FFCRA Type selected, then assign the paid leave code created for paid sick leave (see Figure 1). The factor rate is automatically set to 0.667 (2/3) X Regular. See Figure 4.

Earning Code Maintenance

Update Delete Copy Clear Close By Earning Code

Earning Code: Description:

Information

Short Description:
 Department #:
 Taxable:
 Earning Type:
 Regular
 Overtime
 Tips
 Holiday
 Leave
 Others

Default Leave Settings

Worker's Comp Group:
 Worker's Comp Code:
 FFCRA Type:
 Rate:
 0.00 per Year
 0.00 per Hour
 0.00 per Pay Period
 0.667 X Regular
 Use Different GL Account

Wage/Service Expense Account	Tax Expense Account	Worker's Comp Expense Account	Dist %

Wage/Service Expense Account Description:
 Tax Expense Account Description:
 Worker's Comp Expense Account Description:

Add Delete

Figure 4 – Earning Code Setup for EPSLA Conditions 4-6

- EFMLA (Condition 5)** (Emergency Family and Medical Leave Act – Condition 5) – use this FFCRA Type if the employee is unable to work, including telework, due to qualifying reason described in (5) above. If this is the FFCRA Type selected, then assign the paid leave code created for expanded family and medical leave (see Figure 2). The factor rate is automatically set to 0.667 (2/3) X Regular. See Figure 5.

The screenshot shows the 'Earning Code Maintenance' window with the following details:

- Earning Code:** EFMLA5
- Description:** Emerg Family & Mdcsl Leave Exp
- Information Tab:**
 - Short Description: Exp Family & Med
 - Department #: [Empty]
 - Taxable:
 - Earning Type:
 - Regular
 - Overtime
 - Tips
 - Holiday
 - Leave (EFMLA)
 - Others
- Default Leave Settings Tab:**
 - Worker's Comp Group: [Empty]
 - Worker's Comp Code: [Empty]
 - FFCRA Type: EFMLA (Condition 5)
 - Rate:
 - 0.00 per Year
 - 0.00 per Hour
 - 0.00 per Pay Period
 - 0.667 X Regular
 - Use Different GL Account
- Table:**

Wage/Service Expense Account	Tax Expense Account	Worker's Comp Expense Account	Dist %
- Descriptions:**
 - Wage/Service Expense Account Description: Wages Exp - Administrative Staff
 - Tax Expense Account Description: PR Taxes - Administrative
 - Worker's Comp Expense Account Description: [Empty]

Figure 5 –Earning Code Setup for EFMLA Condition 5

Assigning FFCRA Earning Codes and Paid Leave Codes to Employee Record

1. Add the FFCRA earning code to applicable employee record(s). When prompted to accrue the linked paid leave code, click **Yes** and enter the correct Post Date. In this way, the accrued hours set up for the leave code will be added to the employee's accumulated paid leave balance.

Note: You can directly add the earning code(s) during Apply Payroll/Payment. Once the check is printed or posted, the earning code(s) will be automatically added to the employee record. The benefit of adding it to the employee record is that you can accrue the linked paid leave and the paid leave code will be automatically added to the Paid Leave tab with the accrued hours.

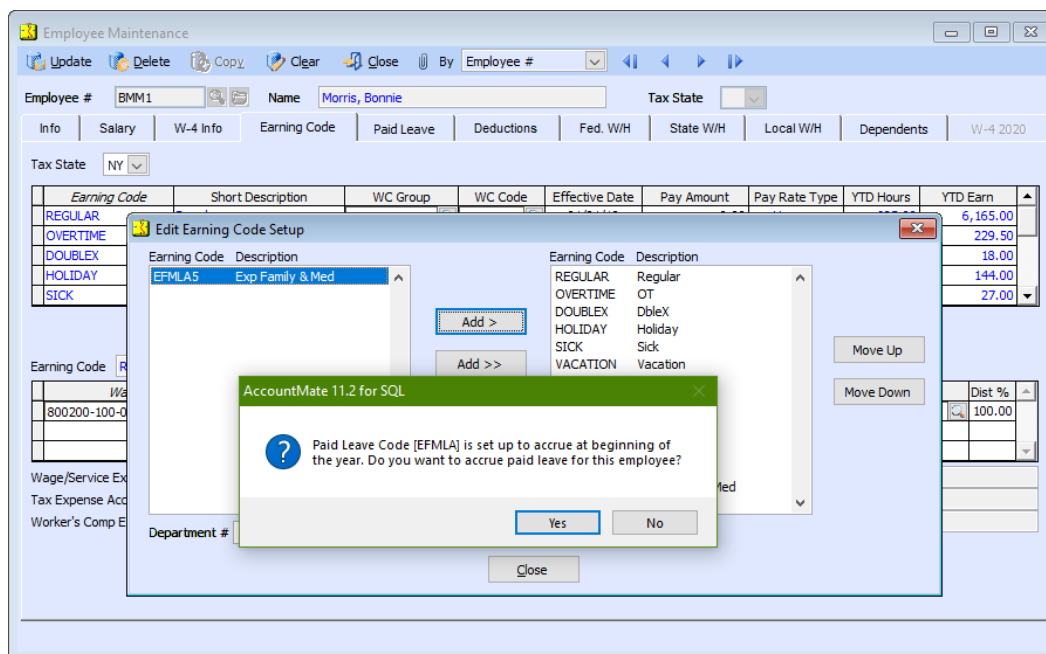


Figure 6 – Employee Maintenance Earning Code Tab

- Verify that the FFCRA paid leave code was added to the **Employee Maintenance ► Paid Leave** tab. If you have to manually add the rest of the paid leave codes, then click the Edit button to display the **Edit Paid Leave Code Setup** window where you can select the paid leave code to add to the employee record. Be sure to click **Yes** when prompted to accrue leaves and enter the correct Post Date. Mark the **Accr** checkbox for these paid leave codes.

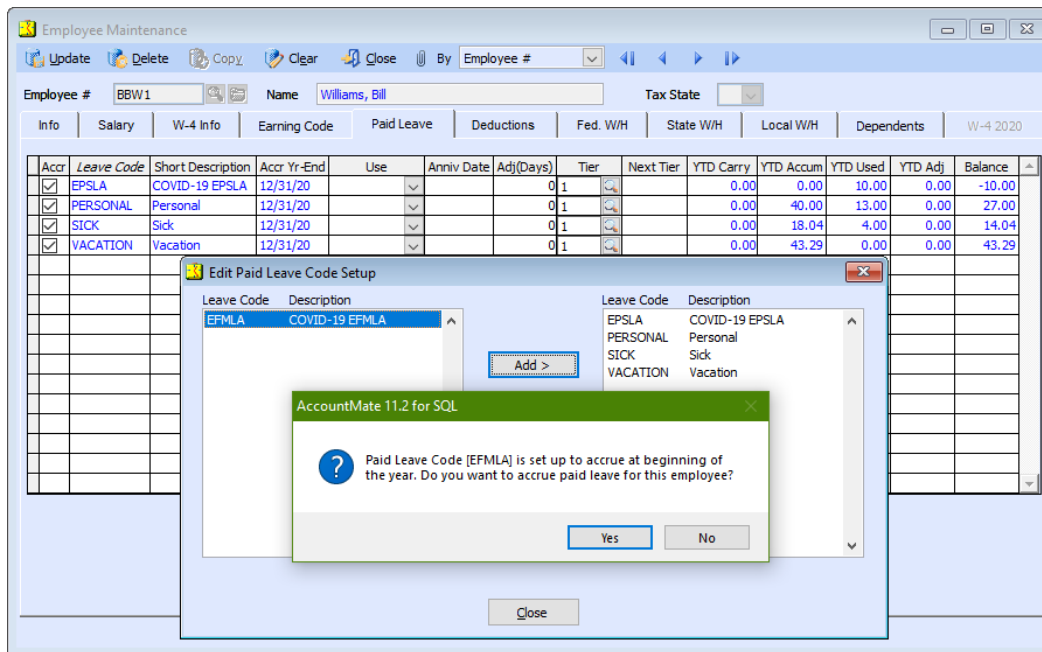


Figure 7 – Employee Maintenance Paid Leave Tab

Processing Payroll Transactions

1. Apply Payroll/Payment or Amend Applied Payroll

If you have not assigned FFCRA earning code(s) to applicable employee records, you can add these earning code(s) in the **Apply Payroll/Payment** or **Amend Applied Payroll** function. If you do so, then be sure that the linked paid leave codes are set up to **Allow Negative Balance** so you can proceed to enter used leave hours. Note that for proper tracking, we do recommend that you add the earning codes and paid leave codes before processing payroll. Refer to the previous section, *Assigning FFCRA Earning Codes and Paid Leave Codes to Employee Record*, for details.

When applying payroll/payment or amending applied payroll, here are a few things to take note about the applied hours, rate, and amount depending on the earning code's FFCRA Type:

a. **EPSLA (Conditions 1-3)**

The rate must be either the employee's regular rate or the applicable minimum wage, whichever is higher up to \$63.88 per hour or \$511.00 per day. The total number of hours must not exceed 80 hours or 2 weeks with an aggregate amount of \$5,110.00.

b. **EPSLA (Conditions 4-6)**

The rate must be either 2/3 of the employee's regular rate or 2/3 of the applicable minimum wage, whichever is higher, up to \$25.00 per hour or \$200.00 per day. The total number of hours must not exceed 80 hours or 2 weeks with an aggregate amount of \$2,000.00.

c. **EFMLA (Condition 5)**

The rate must be either 2/3 of the employee's regular rate or 2/3 of the applicable minimum wage, whichever is higher up to \$25.00 per hour or \$200.00 per day. The total number of hours must not exceed 400 hours or 10 weeks with an aggregate amount of \$10,000.00.

Notes:

- *The employer share on the Medicare tax imposed on qualified leave wages paid from April 1, 2020 until December 31, 2020 will be calculated.*
- *The eligible employer is not subject to the employer portion of Social Security tax (FICA) imposed on qualified leave wages.*

Apply Payroll/Payment

Save Delete Copy Clear Close By Employee #

Employee # CBB1 Name Brady, Carol Dept # SALES Tax State CA

Seq	Earning Code	Base On	Hours	Rate	Amount	Taxable
10	SALARY		78.00		3,538.50	<input checked="" type="checkbox"/>
20	EPSLA 1-3	SALARY	10.00	46.15	461.50	<input checked="" type="checkbox"/>

Buttons: Add, Insert, Delete

Deduction	Type	Amt/Pct/Rate	Deduction Amt	M/C Amt
401K	%	15.0000	600.00	130.00
CAFE	%	12.0000	480.00	447.55
CREDITUN	\$	25.00	25.00	0.00
DEP CARE	\$	210.42	210.42	0.00
MEDICAL	\$	33.33	33.33	0.00

Buttons: Edit Wages, Apply Summary

Pay Period Range: 05/01/20-05/15/20

Total Hours	88.00
Earnings	4,000.00
Total Taxable	4,000.00
Total Non-Taxable	0.00
Total Wages	4,000.00
Total Deductions	1,348.75
Federal Tax	638.68
State Tax	168.09
Local Tax	0.00
Prepaid	0.00
Net Amount	1,844.48

Accrue Leaves

Figure 8 – Applied Payroll/Payment with FFCRA earning code

2. Print Payroll Check or Post Handwritten Check

If you have directly added the FFCRA earning code(s) to Apply Payroll/Payment or Amend Applied Payroll, then this earning code will be automatically added to the corresponding employee record after the check is printed or posted.

Generating Federal Tax Credits Report


Each quarter, eligible employers can receive a tax credit for the following:

- Wages paid to employees for emergency paid sick leave and expanded family and medical leave under FFCRA
- The employer share of Medicare taxes on wages paid to employees for emergency paid sick leave and expanded family and medical leave
- The cost of maintaining health insurance coverage during emergency paid sick leave and expanded family and medical leave period
- Employee retention credit for continuing to pay employees during a partial/full shutdown due to COVID-19 or a significant decline in gross receipts

To keep track of these various tax credits from FFCRA, employee retention under CARES Act, and other tax credits, a new **Federal Tax Credits Report** is available under **Check Reports**.

To generate this report, perform the following steps:

1. In the AccountMate Administrator program, mark the Payroll **Federal Tax Credits Report** checkbox from the **Setup ► Security ► Group/User Setup ► Edit Group** window to grant access right to the report.
2. Log in to the main AccountMate program.
3. Access **Check Reports** from the **Reports** menu; then, select **Federal Tax Credits Report**.
4. Sort the report by selecting either of the following or mark the **Individual Employee #** checkbox and provide a specific **Employee #** for which you want to generate the report.
 - **Employee # + Earning Code**
 - **Employee # + Check Date**
5. Specify the desired report criteria in the **Criteria** section. For tax credits that are not automatically generated by AccountMate such as health plan expenses, employee retention credit, other tax credits, and credits claimed in advance, provide the manually calculated values in the following fields for each applicable quarter:
 - **Health Plan**
 - **Retention**
 - **Other Credit**
 - **Advance Credit**

 *Note: To keep the quarterly tax credit values, you must create and save a report macro for each quarter.*

6. Click **Preview** or **Print** to generate the report.

05/25/20 04:56:08 PM		National Office Supply, Inc.			Page 1 of 1	
Printed By: Supervisor		Federal Tax Credits Report				
<u>Earning Code</u>	<u>Check Date</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>	<u>Employer Medicare</u>	<u>Total Credits</u>
Employee #: BBW1 (Williams, Bill)						
EPSLA4-6	5/15/2020	10.00	9.00	90.00	1.26	91.26
Total for BBW1 (Williams, Bill):		10.00		90.00	1.26	91.26
Employee #: CBB1 (Brady, Carol)						
EPSLA1-3	5/15/2020	10.00	46.15	461.50	5.50	467.00
Total for CBB1 (Brady, Carol):		10.00		461.50	5.50	467.00
Employee #: EBB1 (Balanger, Edward)						
EFMLA5	5/15/2020	30.00	25.00	750.00	10.30	760.30
Total for EBB1 (Balanger, Edward):		30.00		750.00	10.30	760.30
Total for this Report:				1,301.50	17.06	1,318.56
<u>Other Federal Tax Credits</u>				<u>Total Credits</u>		
Health Plan (2nd Qtr)				1,043.34		
Retention (2nd Qtr)				650.75		
Other Credit (2nd Qtr)				750.00		
Total Credits				2,444.09		

Figure 9 – Federal Tax Credits Report

Recording Federal Tax Credit Claims

To record tax credit claims from FFCRA, employee retention, and others, perform the following steps:

1. In the AccountMate Administrator program, mark the Payroll **Federal Tax Credits Claim** checkbox from the **Setup ► Security ► Group/User Setup ► Edit Group** window to grant access right to the function.

*Note: If you have access right to **Cobra Credit**, then you will automatically have access right to **Federal Tax Credits Claims**.*

2. Access **Payroll Tax Deposit** from the **Transactions** menu; then, select **Federal Tax Credits Claim** (formerly **COBRA Credit**) function.

3. To record claims for the quarter, select any of the following claim options from the List box:

- **Claim Employee Retention Credit**
- **Claim FFCRA Credit**
- **Claim Other Credit**

	Tax Withheld	QTD Paid	Balance
Employee Federal Tax	237,819.43	32,554.15	22,644.71
Employee FICA	278,778.28	17,302.85	10,637.73
Employer FICA	278,778.28	17,116.85	10,637.73
Employee Medicare	278,078.28	4,032.10	2,487.81
Employer Medicare	278,078.28	4,032.10	2,487.81
Employee EIC	0.00	-228.00	-76.00
Total			25,990.26

Figure 10 – Claim Options from Federal Tax Credits Claim

4. To void recorded claims, select any of the following void options from the List box:

- **Void Employee Retention Credit**
- **Void FFCRA Credit**
- **Void Other Credit**

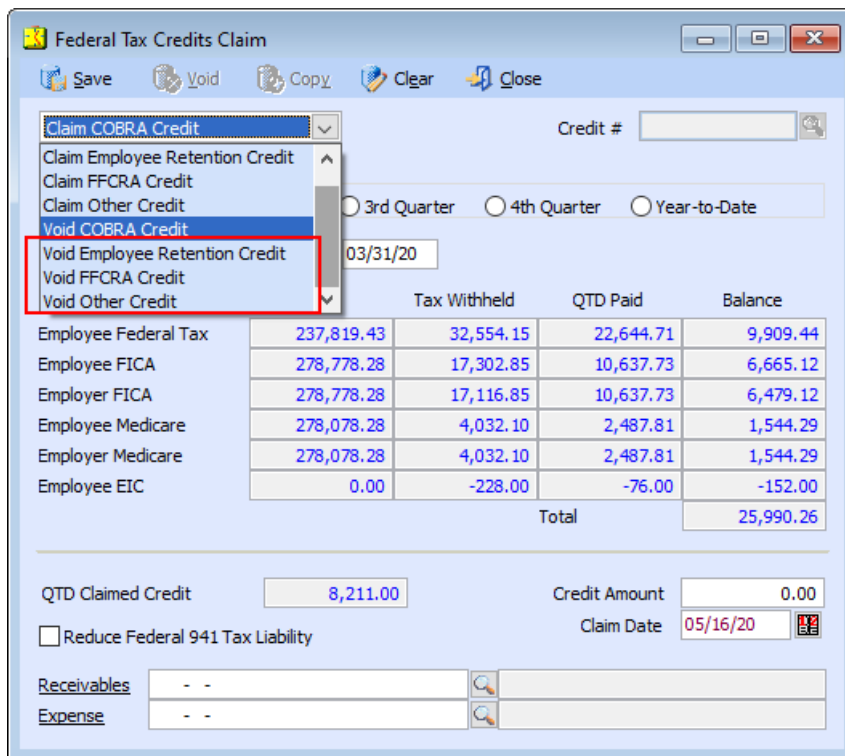


Figure 11 – Void Options from Federal Tax Credits Claim

5. Click **Save** or **Void** to save or void the recorded claims, respectively.

*Note: You may generate the **Checks Report** ► **Tax Deposit Check Report** from the **Reports** menu to verify recorded and voided tax credit claims.*

Recalculating FICA

The FFCRA exempts eligible employers from paying Social Security tax (FICA) on qualifying paid leave wages. If you have processed payroll transactions on wages that qualify for FFCRA (aka COVID wages) before this enhancement was in effect, then you must recalculate Employer FICA to remove the employer's share of FICA from COVID wages.

To recalculate FICA, perform the following steps:

1. Verify that no one is accessing AccountMate.
2. Backup the live company database on which you want to recalculate FICA.
3. In the AccountMate Administrator program, mark the Payroll **Recalculate Employer FICA** checkbox from the **Setup ► Security ► Group/User Setup ► Edit Group** window to grant access right to the function.
4. Access the **Recalculate Employer FICA** function from the **Utilities** menu.
5. In the **Earning Code** field, enter the earning code used for COVID wages as specified under FFCRA that has payroll transactions from April 1, 2020 but before this enhancement was installed.

 *Note: All paid payroll transactions from April 1, 2020 using the specified Earning Code will be displayed in the grid.*

6. The **New ER FICA Amount** column shows the recalculated Employer FICA amount. Transaction(s) that exceed(s) the FFCRA maximum allowed hours will not be displayed in the grid. If a portion of the earnings falls under the FFCRA allowed hours before it meets the maximum allowed hours, then only that portion will be recalculated and will appear in the grid.
7. Click **Save**, **Clear**, or **Close** to save the new ER FICA amount(s), clear the grid without saving the recalculated ER FICA Amount(s), or close the function, respectively.

Changes to Form 941

Based on the [Instructions for Form 941](#), the following significant changes have been made to Form 941 to allow the reporting of new employment tax credits and other tax relief related to coronavirus (COVID-19).

- The new credit for qualified sick and family leave wages is reported on line 11b and, if applicable, line 13c. The employee share of social security tax on qualified sick and family leave wages is reported on lines 5a(i) and 5a(ii). Qualified sick and family leave wages aren't subject to the employer share of social security tax. Qualified sick and family leave wages not included on lines 5a(i) and 5a(ii) because the wages reported on that line are limited by the social security wage base are included on line 5c. Qualified health plan expenses allocable to qualified sick and family leave wages are reported on lines 19 and 20.
- The new employee retention credit is reported on line 11c and, if applicable, line 13d. Qualified wages (excluding qualified health plan expenses) for the employee retention credit are reported on line 21 (these amounts should also be included as wages on lines 5a and 5c, and, if applicable, line 5d). Qualified health plan expenses allocable to the qualified wages for the employee retention credit are reported on line 22. For the second quarter Form 941 only, qualified wages (excluding qualified health plan expenses) for the employee retention credit and qualified health plan expenses allocable to the qualified wages for the period from March 13, 2020, to March 31, 2020, are reported on lines 24 and 25, respectively.
- Employers, including government employers, can defer the deposit and payment of the employer share of social security tax otherwise due during the calendar quarter. The amount of deferral is reported on line 13b.
- Employers that requested an advance of the sick and family leave credit and/or the employee retention credit would have filed a Form 7200, Advance Payment of Employer Credits Due to COVID-19, for the quarter. The amount of all advances received from Forms 7200 filed for the quarter is reported on line 13f.
- The credit for qualified sick and family leave wages (reported on lines 11b and 13c) and the employee retention credit (reported on lines 11c and 13d) are figured on Worksheet 1.

Note: Refer to the updated [Instructions for Form 941](#) from the Internal Revenue Service for more information.

The coronavirus (COVID-19) related employment tax credits and other tax relief information will be reported in the following fields of Form 941:

5a (i) Qualified sick leave wages . . .	<input type="text"/>	× 0.062 =	<input type="text"/>
5a (ii) Qualified family leave wages . . .	<input type="text"/>	× 0.062 =	<input type="text"/>
11b Nonrefundable portion of credit for qualified sick and family leave wages from Worksheet 1	11b	<input type="text"/>	<input type="text"/>
11c Nonrefundable portion of employee retention credit from Worksheet 1	11c	<input type="text"/>	<input type="text"/>
11d Total nonrefundable credits. Add lines 11a, 11b, and 11c	11d	<input type="text"/>	<input type="text"/>
13b Deferred amount of the employer share of social security tax	13b	<input type="text"/>	<input type="text"/>
13c Refundable portion of credit for qualified sick and family leave wages from Worksheet 1	13c	<input type="text"/>	<input type="text"/>
13d Refundable portion of employee retention credit from Worksheet 1	13d	<input type="text"/>	<input type="text"/>
13e Total deposits, deferrals, and refundable credits. Add lines 13a, 13b, 13c, and 13d	13e	<input type="text"/>	<input type="text"/>
13f Total advances received from filing Form(s) 7200 for the quarter	13f	<input type="text"/>	<input type="text"/>
13g Total deposits, deferrals, and refundable credits less advances. Subtract line 13f from line 13e	13g	<input type="text"/>	<input type="text"/>
19 Qualified health plan expenses allocable to qualified sick leave wages	19	<input type="text"/>	<input type="text"/>
20 Qualified health plan expenses allocable to qualified family leave wages	20	<input type="text"/>	<input type="text"/>
21 Qualified wages for the employee retention credit	21	<input type="text"/>	<input type="text"/>
22 Qualified health plan expenses allocable to wages reported on line 21	22	<input type="text"/>	<input type="text"/>
23 Credit from Form 5884-C, line 11, for this quarter	23	<input type="text"/>	<input type="text"/>
24 Qualified wages paid March 13 through March 31, 2020, for the employee retention credit (use this line only for the second quarter filing of Form 941)	24	<input type="text"/>	<input type="text"/>
25 Qualified health plan expenses allocable to wages reported on line 24 (use this line only for the second quarter filing of Form 941)	25	<input type="text"/>	<input type="text"/>

IMPORTANT: The **Payroll Tax Subscription Program** (Version # 2020.09 or higher) will only populate fields **5a (i)** and **5a (ii)**, given that certain data conditions are met. Fields **13b, 19, 20, 21, and 22** will be user input.

The credit for qualified sick and family leave wages (reported on lines 11b and 13c) and the employee retention credit (reported on lines 11c and 13d) are figured on **Worksheet 1 Form (Credit for Sick and Family Leave Wages and the Employee Retention Credit)**.

Worksheet 1. Credit for Sick and Family Leave Wages and the Employee Retention Credit

Keep for Your Records

Determine how you will complete this worksheet			
If you paid both qualified sick and family leave wages and qualified wages for purposes of the employee retention credit this quarter, complete Step 1, Step 2, and Step 3. If you paid qualified sick and family leave wages this quarter but you didn't pay any qualified wages for purposes of the employee retention credit this quarter, complete Step 1 and Step 2. If you paid qualified wages for purposes of the employee retention credit this quarter but you didn't pay any qualified sick and family leave wages this quarter, complete Step 1 and Step 3.			
Step 1. Determine the employer share of social security tax this quarter after it is reduced by credits claimed on Form 8974 and any credit to be claimed on Form 5884-C.			
1a	Enter the amount of social security tax from Form 941, Part 1, line <u>5a</u> , column 2	1a	<u>0.00</u>
1b	Enter the amount of social security tax from Form 941, Part 1, line <u>5b</u> , column 2	1b	<u>0.00</u>
1c	Add lines 1a and 1b	1c	<u>0.00</u>
1d	Multiply line 1c by 50% (0.50)	1d	<u>0.00</u>
1e	If you're a third-party payer of sick pay that isn't an agent and you're claiming credits for amounts paid to your employees, enter the employer share of social security tax included on Form 941, Part 1, line <u>8</u> (enter as a positive number)	1e	<u>0.00</u>
1f	Subtract line 1e from line 1d	1f	<u>0.00</u>
1g	If you received a Section 3121 (q) Notice and Demand during the quarter, enter the amount of the employer share of social security tax from the notice	1g	<u>0.00</u>
1h	Employer share of social security tax. Add lines 1f and 1g	1h	<u>0.00</u>
1i	Enter the amount from Form 941, Part 1, line <u>11a</u> (credit from Form 8974)	1i	<u>0.00</u>
1j	Enter the amount from Form 5884-C, line 11, this quarter	1j	<u>0.00</u>
1k	Total nonrefundable credits already used against the employer share of social security tax. Add lines 1i and 1j	1k	<u>0.00</u>
1l	Employer share of social security tax remaining. Subtract line 1k from line 1h	1l	<u>0.00</u>
Step 2. Figure the sick and family leave credit			
2a	Qualified sick leave wages reported on Form 941, Part 1, line <u>5a(i)</u> , column 1	2a	<u>0.00</u>
2a(i)	Qualified sick leave wages included on line 5c, but not included on Form 941, Part 1, line <u>5a(i)</u> , column 1, because the wages reported on that line were limited by the social security wage base	2a (i)	<u>0.00</u>
2a(ii)	Total qualified sick leave wages. Add lines 2a and 2a(i)	2a (ii)	<u>0.00</u>
2b	Qualified health plan expenses allocable to qualified sick leave wages (Form 941, Part 3, line <u>19</u>)	2b	<u>0.00</u>
2c	Employer share of Medicare tax on qualified sick leave wages. Multiply line 2a(ii) by 1.45% (0.0145)	2c	<u>0.00</u>
2d	Credit for qualified sick leave wages. Add lines 2a(ii), 2b, and 2c	2d	<u>0.00</u>
2e	Qualified family leave wages reported on Form 941, Part 1, line <u>5a(ii)</u> , column 1	2e	<u>0.00</u>
2e(i)	Qualified family leave wages included on line 5c, but not included on Form 941, Part 1, line <u>5a(ii)</u> , column 1, because the wages reported on that line were limited by the social security wage base	2e(i)	<u>0.00</u>
2e(ii)	Total qualified family leave wages. Add lines 2e and 2e(i)	2e(ii)	<u>0.00</u>
2f	Qualified health plan expenses allocable to qualified family leave wages (Form 941, Part 3, line <u>20</u>)	2f	<u>0.00</u>
2g	Employer share of Medicare tax on qualified family leave wages. Multiply line 2e(ii) by 1.45% (0.0145)	2g	<u>0.00</u>
2h	Credit for qualified family leave wages. Add lines 2e(ii), 2f, and 2g	2h	<u>0.00</u>
2i	Credit for qualified sick and family leave wages. Add lines 2d and 2h	2i	<u>0.00</u>
2j	Nonrefundable portion of credit for qualified sick and family leave wages. Enter the smaller of line 1h or line 2i. Enter this amount on Form 941, Part 1, line 11b	2j	<u>0.00</u>
2k	Refundable portion of credit for qualified sick and family leave wages. Subtract line 2j from line 2i and enter this amount on Form 941, Part 1, line 13c	2k	<u>0.00</u>
Step 3. Figure the employee retention credit			
3a	Qualified wages (excluding qualified health plan expenses) for the employee retention credit (Form 941, Part 3, line <u>21</u>)	3a	<u>0.00</u>
3b	Qualified health plan expenses allocable to qualified wages for the employee retention credit (Form 941, Part 3, line <u>22</u>)	3b	<u>0.00</u>
3c	Qualified wages (excluding qualified health plan expenses) paid March 13, 2020, through March 31, 2020, for the employee retention credit (Form 941, Part 3, line <u>24</u>). Enter an amount here only for the second quarter Form 941	3c	<u>0.00</u>
3d	Qualified health plan expenses allocable to qualified wages paid March 13, 2020, through March 31, 2020, for the employee retention credit (Form 941, Part 3, line <u>25</u>). Enter an amount here only for the second quarter Form 941	3d	<u>0.00</u>
3e	Add lines 3a, 3b, 3c, and 3d	3e	<u>0.00</u>
3f	Retention credit. Multiply line 3e by 50% (0.50)	3f	<u>0.00</u>
3g	Enter the amount of the employer share of social security tax from Step 1, line 1h	3g	<u>0.00</u>
3h	Enter the amount of the nonrefundable portion of the credit for qualified sick and family leave wages from Step 2, line 2j	3h	<u>0.00</u>
3i	Subtract line 3h from line 3g	3i	<u>0.00</u>
3j	Nonrefundable portion of employee retention credit. Enter the smaller of line 3f or line 3i. Enter this amount on Form 941, Part 1, line 11c	3j	<u>0.00</u>
3k	Refundable portion of employee retention credit. Subtract line 3j from line 3f and enter this amount on Form 941, Part 1, line 13d	3k	<u>0.00</u>

Caution:
Only complete lines 3c and 3d for your second quarter 2020 Form 941.

Depending on your data condition, perform the following after you have downloaded and installed the **Payroll Tax Subscription Program** (Version # 2020.09 or higher).

- I. If you have installed the **Coronavirus Tax Relief Enhancement Package** and set up master records (e.g., paid leave codes, earning codes, employee records) as directed, then perform the following:
 1. Generate the **QTD Tax Withholdings Report** for a specific quarter (2nd Quarter or later) and take note of the following from the **Total for this Report** section of the report:
 - **FICA Gross**
 - **FICA W/H**
 - **Match FICA**
 2. Generate the **941/Schedule B/941-V Report** from the **Tax Forms** function for the same quarter as generated in the **QTD Tax Withholdings Report** and verify the values in the following fields:
 - **5a Taxable Wages**
 - **5a (i) Qualified sick leave wages**
 - **5a (ii) Qualified family leave wages**
 - **5b Taxable social security tips**

Note: If prompted to update Tax Forms, then select **Automatic Update** to download and install the update. This to ensure that you have the latest Form 941.

 - 3. Compare the values in Form 941 with the values in the **QTD Tax Withholdings Report**.
 - The total of Column 1 for **5a, 5a(i), 5a(ii),** and **5b** fields in Form 941 should match with the **FICA Gross** in the **QTD Tax Withholdings Report**.
 - The total of Column 2 for **5a, 5a(i), 5a(ii),** and **5b** fields in Form 941 should match with the total of **FICA WH** and **Match FICA** in the **QTD Tax Withholdings Report**.
- II. If you have installed the **Coronavirus Tax Relief Enhancement Package** but did **not** set up master records (e.g., paid leave codes, earning codes, employee records) as directed, then call Technical Support at 707-774-7599 or e-mail <<mailto:bpsupport@accountmate.com>>. Our Technical Support staff will assist you in how to populate 5a, 5a (i), and 5a (ii).
- III. If you have **not** installed the **Coronavirus Tax Relief Enhancement Package**, then call Technical Support at 707-774-7599 or e-mail <<mailto:bpsupport@accountmate.com>>. Our Technical Support staff will assist you in how to populate 5a, 5a (i), and 5a (ii).

Tax Year Closing Procedures

Since the FFCRA and CARES Act apply only to qualifying wages up to December 31, 2020, be sure to perform the following before performing W-2/Year-End Closing or Calendar Accrual Year-End Closing or creating payroll transactions for the next Tax Year:

1. Unmark the **Accr** checkbox in the **Employee Maintenance ► Paid Leave** tab for FFCRA paid leave codes. In this way, no leave hours will be accrued in the next accrual year.
2. Verify that the **Max Carry Over** hours in **Paid Leave Code Maintenance** for FFCRA paid leave codes are set to zero (see Figure 1). This way, no leave balances will be carried over to the next accrual year.
3. Set the **Accrued Hrs** in **Paid Leave Code Maintenance** for FFCRA paid leave codes to zero.

Frequently Asked Questions

Q: *I have already set up FFCRA earning codes before this enhancement. Will these earning codes still work after installing the feature?*

- A:** It depends on whether a new earning code or an existing earning code is used.
- If a new earning code was created for each FFCRA Type, then amend the earning code and assign the appropriate FFCRA Type. You can do this only if the new earning code was assigned a Leave earning type.
 - If a new earning code was created for all or two FFCRA Types, then evaluate whether an appropriate FFCRA Type can be assigned; otherwise, contact Technical Support for assistance.
 - If an existing earning code was used with payroll transactions before April 1, 2020, then you can no longer amend the earning code and assign an FFCRA Type.

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Q: *I want to change the FFCRA Type assigned to an earning code; however, the FFCRA Type field is disabled.*

A: The FFCRA Type field in the Earning Code Maintenance ► Information tab is a one-time setup field. Once an FFCRA Type is assigned to an earning code, you can no longer amend it.

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Q: *Can I change the rate and amount of the FFCRA earning code during Apply Payroll/Payment or Amend Applied Payroll?*

A: Yes, you can amend the rate and amount; however, only up to the allowed maximum limit.

- If the earning code FFCRA Type is EPSLA (Conditions 1-3), then the rate must not exceed \$63.88 per hour or \$511.00 per day and must not exceed an aggregate amount of \$5110.00.
- If the earning code FFCRA Type is EPSLA (Conditions 4-6), then the rate must not exceed \$25.00 per hour or \$200.00 per day and must not exceed an aggregate amount of \$2,000.00.
- If the earning code FFCRA Type is EFMLA (Condition 5), then the rate must not exceed \$25.00 per hour or \$200.00 per day and must not exceed an aggregate amount of \$10,000.00.

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Q: *I applied payroll/payment related to FFCRA; however, I did not see the tax credits in the Federal Tax Credits Report.*

A: You must pay the applied payroll by printing a payroll check or posting a handwritten check to display the information in the Federal Tax Credits Report.

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Q: *Can I recalculate employer FICA using the Recalculate Employer FICA utility if I use an existing earning code to process FFCRA-related transactions?*

A: Yes, provided that the earning code has no transaction before April 1, 2020.

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Q: *Will the FICA maximum wage limit apply to FFCRA earnings?*

A: Currently, no. This means that the employer FICA and the employee FICA will not match.

References

- <https://www.dol.gov/agencies/whd/pandemic/ffcra-employer-paid-leave>
- <https://www.dol.gov/agencies/whd/pandemic/ffcra-questions>
- <https://www.irs.gov/newsroom/covid-19-related-tax-credits-for-required-paid-leave-provided-by-small-and-midsize-businesses-faqs>
- <https://www.irs.gov/newsroom/faqs-employee-retention-credit-under-the-cares-act>