

We are pleased to share below a summary and table of the opportunities that may be available to schools and mosdos. Thank you to R' Eliyahu Stern of Yeshiva Orchos Chaim and the EDN for doing the research and compiling the information. Of course, this should not be construed as legal, professional, or accounting advice, and it is of utmost importance to review everything with your accountant, tax advisor and payroll company. The purpose of this email is only so that you can hopefully know which areas to explore and which questions to ask.

This is a little complex and if it is too technical, I urge you to forward this to someone who can work this through for your mosad. A mosad should be able to take advantage of more than one item using the different guidelines set forth by Congress, the Treasury and the IRS.

Here is an elementary snapshot. I will use the example of a mosad that has 100 employees and pays them each \$3,000 per month (\$9,000 per quarter) for simplicity purposes.

Item	How much \$?	Key requirement	Actual Cash	Disqualifies you from...
PPP round 1	2.5 x gross payroll (minus certain costs)	Statement of need	\$750,000	
PPP round 2	2.5 times payroll (minus certain costs)	Loss of 25% in revenue in 2020 vs 2019 of the same quarter	\$750,000	GEER (government funded services)
Employee Retention Credit	70% of employee wages up to \$7k per employee per eligible quarter	Either a mandated shutdown or a loss of 20% in revenue vs 2019 - eligibility continues through the quarter that does not have a loss or June 30 th whichever is earlier	\$630,000 per eligible quarter [70% of the \$9k wages per employee per eligible quarter]	
Extended Sick Leave Credit	Up to \$510 per day for 10 days per	Employee was unable to work (partially or fully) due to COVID	Max \$1000 per employee (\$100 per day approx. that they are paid)	

Extended Family Leave Credit	Up to \$200 per day for 10 weeks per employee	Employee was unable to work (partially or fully) to due child's school being closed because of COVID	Max \$5,000 per employee (\$100 per day approx. that they are paid)	
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You may not double dip! This means that funds from different grants cannot be used for the same purpose. Therefore, if you claim the Employee Retention Credit, you will only be allowed to claim the PPP if you have expenses available that were not covered by the employee retention credit.

The Employee Retention Credit was around before but the new bill changed some key things that turned this into a very enticing credit. Here are key changes:

- 1- It maxed at \$10,000 per year per employee and it is now per quarter
- 2- The government credited 50% of the payroll and now it is 70%
- 3- Employers with 100 employees or more were not able to claim it against wages paid for actual "work" and the threshold shifted to 500 employees
- 4- It was extended to June 30th
- 5- You could not claim it if you got PPP and now you can claim it EVEN RETROACTIVELY!

Here are some basic points:

- Any quarter that you were mandated to shut down or had a 20% reduction in gross receipts (as indicated by your QuickBooks reports) makes you eligible to claim this credit. You remain eligible until the END of the quarter that you increase in. Take a look at question 39 and 46 on this page.
<https://www.irs.gov/newsroom/covid-19-related-employee-retention-credits-determining-when-an-employer-is-considered-to-have-a-significant-decline-in-gross-receipts-and-maximum-amount-of-an-eligible-employers-employee-retention#determining-when-employer-considered-have-significant-decline-in-gross-receipts>
- Question 41 on the above page clarifies that you do not need to prove that the reduction in gross receipts was COVID related.
- The IRS will refund or issue you payment of up to 70% of the gross wages for the eligible quarters. If you used PPP funds you can't claim the credit for those wages. However, since PPP extends for 24 weeks you should be able to claim credits for a significant portion.
- This only works for up to 70% of \$10,000 per quarter per employee.
- [Form 7200](#) is used to claim these credits. You can see how simple the form is. Obviously, you can only claim it if you are eligible but it is not a complex process.

A few key questions still need to be answered. Namely, what is the relationship between PPP round 1 and the employee retention credit? Can you designate certain payrolls for PPP and others for the employee retention credit? Can you use PPP funds for the remaining 30% of the employee retention credit? Keep in mind the current IRS guidelines were all written for the last round of CARES. They will be updating everything over the coming weeks. However, the core guidelines are assumed to remain the same.