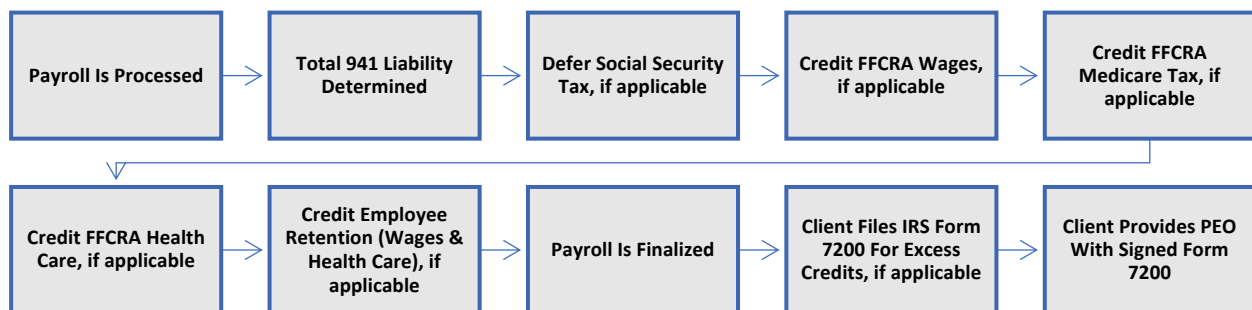


COVID-19 Deferral and Credit Calculation Logic Summary

Purpose:

The purpose of this document is to provide an overview of the process G&A Partners uses to determine the Families First Coronavirus Response Act (FFCRA) and CARES Act deferrals and credits during payroll processing.

Process Overview:



Maximum Credits During Payroll Processing:

The sum of all COVID-19 relief deferrals and credits issued during payroll processing on the payroll invoice cannot exceed the total 941 liability owed for that specific payroll. The 941 liability is calculated by G&A entity. If you have employees in multiple states, you may have employees assigned to various G&A entities (FEINs).

If the deferrals and credits for which you are eligible exceed the 941 liability on that specific payroll, you can obtain the additional credits by filing IRS Form 7200. G&A Partners is currently developing a process to automatically create and distribute any necessary Form 7200 so that you can file directly with the IRS.

See below for an example calculation.

Stacked Logic – The Order of the Deferrals/Credits:

When multiple COVID-19 relief deferrals and credits are applicable to one specific payroll, the deferrals and credits will be applied in the following order of priority. If the payroll is not eligible for more than one deferral or credit type, this order of priority is not applicable.

1. Social Security Tax Deferral
2. FFCRA (Paid Leave) Wage Credit
3. FFCRA (Paid Leave) Medicare Tax Credit
4. FFCRA (Paid Leave) Health Care Credit
5. Employee Retention Tax Credit (includes the sum of the wage credit and the health care credit, since one limit applies to the sum of the two)

Example of Stacked Logic Being Applied Against the 941 Liability:

941 Liability		\$10,000.00	
Credit Type	Amount Eligible for Credit	Amount Credited on Payroll Invoice	Remaining Credit Owed - Obtained by Filing IRS Form 7200
Social Security Deferral Credit	\$2,000.00	\$2,000.00	
FFCRA Wage Credit	\$4,000.00	\$4,000.00	
FFCRA Medicare Tax Credit	\$50.00	\$50.00	
FFCRA Health Care Credit	\$4,000.00	\$3,950.00	\$50.00
Employee Retention (Wage & Health Care) Credit	\$2,000.00		\$2,000.00
Total	\$12,050.00	\$10,000.00	\$2,050.00

Annual Limits:

As a reminder, the FFCRA credits and the Employee Retention Tax Credits are subject to certain annual limits at the employee level. Once those limits are achieved in G&A's payroll system, those employee wages will no longer be available for credit against your Total 941 Liability.