

PIA and SGIA Have Merged!

On May 1, 2020 Printing Industries of America (PIA) and the Specialty Graphic Imaging Association (SGIA) officially united to become the largest, most comprehensive printing and graphic arts association in the country. The new association brings resources and services together under one roof to best support future industry growth and longevity.

SGIA and PIA are together committed to serving the graphic arts community with preeminent research, education, training, events, legislative support, government affairs, health and safety, and other key industry services. While PIA primarily serves the commercial printing segment, SGIA focuses on the graphics, industrial and apparel decorator segments. Together, members will have access to services across many channels.

Ford Bowers has been elevated to President and CEO of the combined organization. Michael Makin, formerly the President and CEO of Printing Industries of America, has become an Executive Vice President of the unified organization. The new association name

will be announced in the coming weeks, as will the combined board of directors.

This newly-formed entity is the logical progression of the two organizations' long-standing history together, enabling them to provide even more streamlined services across all market segments and in one easily accessible location. The new association houses the most renowned thought leaders, events and programming in the printing and graphic arts community.

Pooling the extensive talent of both organizations, along with the media expertise of NAPCO Media, is a game changer.

Further details about the merger and combination of services will be announced as the integration takes place. In the meantime, information is available on both company's websites until the new site reflecting the combined organizations is launched. Visit www.sgia.org or www.printing.org for information.

HUMAN RESOURCES

Maintaining I-9 Compliance When Hiring Remotely



The U.S. Immigration and Customs Enforcement (ICE) rules state that you must fill out Form I-9 within three business days after employment begins—and that to do this you must inspect the employee's original identity and employment authorization documents in the physical presence of the employee. If your facility is closed due to the pandemic and you need to hire someone who will be working remotely, what are your options?

Good news: On March 20, 2020 the Department of Homeland Security issued revised guidance for those employers whose physical workplaces are temporarily closed due to COVID-19. While Form I-9 must still be completed within three business days after employment begins, in this situation the identity documents can be inspected remotely, such as via video, email, fax, etc.

Once your normal operations resume you will then need to inspect the documents in person. At that time you will "correct" the I-9 as follows: In the Section 2 "Additional Information" field, enter "COVID-19" as the reason for the physical inspection delay and then write in "documents physically examined on [date]."

These temporary rules will be in effect for 60 days from implementation (i.e. until May 18) or until three days after the National Emergency ends, whichever comes first.

BUSINESS & MANAGEMENT

13 Tax Provisions in Recent COVID-19 Legislation: Implications for Businesses and Individuals

This JMBM Client Alert summarizes 13 of the most relevant business and individual tax provisions in recent legislation from the Families First Coronavirus Response Act (the "FFCRA") and the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). Many of these provisions reverse or modify amendments made by the 2017 tax act, P.L. 115-97 (the "2017 Tax Act"). In addition to the 13 items below, by now you should already know that the federal and California state income tax filing and payment deadline is automatically extended from April 15, 2020, to July 15, 2020.

Implications for Businesses

1. Employer Tax Credit for Paid Sick Leave and Family Leave

The FFCRA includes an employer tax credit, generally applicable only to for-profit businesses and tax-exempt organizations with fewer than 500 employees, for certain paid sick and family leave with respect to employees who are unable to work due to circumstances related to COVID-19. This tax credit is intended to cover all or much of the cost to businesses of providing paid leave from April 1 to Dec 31, 2020 required under the FFCRA.

The employer payroll tax credit is computed using wages paid, and claimed against the employer's share of the Social Security in each calendar quarter. The tax credit is refundable. If an employer's tax credits exceed its payroll tax liability, the excess can be received as a payment from the Treasury. Employers that claim this

credit are required to include the amount claimed in gross income, for income tax purposes, offsetting the reduction in gross income from deducting wages paid (preventing a double benefit).

The maximum amount of the sick leave credit varies from \$511 per day for employees if they are taking leave because (1) the employee is subject to a federal, state, or local quarantine or isolation order related to COVID-19; (2) the employee has been advised by a health care provider to self-quarantine due to COVID-19; or (3) the employee is experiencing symptoms of COVID-19 and is seeking a medical diagnosis, to \$200 per day for employees if they are taking leave because (A) the employee is caring for an individual described in number (1) or (2) above; (B) the employee is caring for their own minor child whose school, place of care, or caregiver is closed or unavailable due to COVID-19; or (C) the employee is experiencing any other to-be-specified "substantially similar condition." The tax credit amounts for paid sick leave can be increased by the amount employers pay for an employee's health care plan while they are on leave.

The employer tax credit for paid family leave is claimed with respect to employees who take leave (are unable to work) because they must care for their own minor child whose school or place of care has been closed due to a COVID-19-related public health emergency, and is with respect to individuals who have already taken 10 days of leave for the

family leave purpose described above. These 10 days of leave may consist of unpaid leave, or an employee may elect to use paid vacation, personal, or another form of paid leave. The tax credit for family leave wages is limited to \$200 per day, and \$10,000 total per employee. The tax credit amounts for paid family leave can be increased by the amount employers pay for an employee's health care plan while they are on leave.

Self-employed individuals, including gig workers, are eligible for tax credits similar to above.

Employers should use the new IRS Form 7200 to request an advance payment of the credit.

For the IRS FAQs on this Payroll Tax Credit, see <https://bit.ly/paidleave-credits>.

2. Employee Retention Tax Credit for Employers Subject to Closure or Substantial Business Loss

The CARES Act creates a refundable payroll tax credit computed as 50% of wages paid by eligible employers. Up to \$10,000 in qualified wages can be taken into account per employee in determining the credit amount (amounting to a maximum \$5,000 credit per employee). Health plan expenses can be treated as wages when computing the credit. Eligible employers are those who (1) were required to fully or partially suspend operations due to a COVID-19-related order (includes nonprofit employers); or (2) have gross receipts 50% less than gross receipts in the same quarter in the

prior calendar year.

Qualified wages depend on the number of employees the employer had during 2019. If the employer had more than 100 full-time employees, qualifying wages are wages paid when employee services are not provided (with qualifying wages limited to the amount the employee would have been paid for working an equivalent duration during the 30 days preceding the nonservice period). If the employer had 100 or fewer full-time employees, all employee wages paid by eligible employers are credit-eligible. Employers who receive SBA loans under the Paycheck Protection Program of the CARES Act are not eligible for the credit.

Employers should use the new IRS Form 7200 to request an advance payment of the credit.

For the IRS FAQs on this Employee Retention Credit, see <https://bit.ly/retention-credit>.

3. Delay of Payment of Employer Payroll Taxes

Employers and self-employed individuals may defer paying the employer share of the Social Security payroll tax through the end of 2020. The deferred tax liability must eventually be paid in two installments: one due by December 31, 2021, and the second by December 31, 2022. Employers who have SBA loans forgiven under the Paycheck Protection Program of the CARES Act are not eligible for this deferral.

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RISK MANAGEMENT

8 Steps for Keeping Data Safe When Working Remotely

If, due to the coronavirus pandemic, some or all of your workforce is now working from their homes, you'll need to take extra steps to maintain the security of your company data and trade secrets. In addition to being more suspicious of incoming emails, ensuring work-from-home computers are secure and improving your password strategy (three steps we explored last month in our article on cybercriminals, at <https://bit.ly/password-article>), here are some additional measures you can take:

- 1. Enact more stringent access policies.** Ensure that confidential data can only be accessed by those who are authorized to do so. This might include protocols for approvals and/or other restrictions.
- 2. Use secure servers.** In addition, use document management systems that ensure all documents created or edited are saved to your company's secure systems rather than on a laptop hard drive.
- 3. Monitor your servers.** Watch for unusual access patterns from either internal or external sources.
- 4. Provide the equipment.** If possible, have employees use company-provided laptops or tablets rather than

their own personal devices.

- 5. Restrict use of storage devices.** Make it clear that confidential data (including trade secrets) is not to be stored on thumb drives, external hard drives, employee-owned computers and devices, and other devices from which data can be easily stolen or compromised.
- 6. Forbid use of personal emails.** Require employees to only use their company-provided email accounts to view, review or share company documents and data.
- 7. Provide instructions on screen positioning.** Let employees know that confidential information must be kept confidential, even from the people that they live with. This means that employees should not leave their device in plain view where neighbors can easily see it through a window or family members can see when they're in the room.
- 8. Talk to your vendors.** If you contract with others who have access to your data, and their employees are now working from home, be sure they have appropriate measures in place, too.

NATIONAL ASSOCIATION NEWS

Use Data to Drive Business Decisions



If you're looking for ways to fortify your business strategy against the recession using concrete data, the Performance Ratios online benchmarking tool (see <https://bit.ly/printing-resource>) can assist.

This easy-to-use digital platform gives you instant performance analysis in the areas that matter most to your bottom line. PIA members have access to the basic version for free.

Gain more robust and targeted reporting from the Premium and Professional additions at a significant discount off of regular price.

PIA Member Pricing: Basic is Free | Premium \$449/year | Professional \$998/year

WHAT'S INCLUDED	BASIC	PREMIUM	PROFESSIONAL
Operational Ratios	✓	✓	✓
Balance Sheet Ratios	✗	✓	✓
Liquidity & Activity Ratios	✗	✓	✓
Employee Ratios	✗	✓	✓
Targeted Queries by:	✗	✗	✓
Sales Volume	✗	✗	✓
Geographic Area	✗	✗	✓
Product Specialty	✗	✗	✓
Much More!	✗	✗	✓

For more information see <https://bit.ly/performance-info>

BUSINESS & MANAGEMENT

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4. Exclusion of Income for Paycheck Protection Program (PPP) Loan Forgiveness

The CARES Act provides that any loan amounts forgiven under the CARES Act's Paycheck Protection Program will not constitute taxable income (i.e., the amount will not be considered taxable cancellation of indebtedness income).

5. Modifications for Net Operating Losses

The CARES Act allows carrybacks for up to five years for net operating losses ("NOLs") recorded in tax years 2018, 2019, and 2020. NOL carryback capabilities were repealed by the 2017 Tax Act, and were previously allowed for up to two years. This provision also temporarily lifts the income limitation applicable to the corporate income tax treatment of NOLs under current law.

6. Modification of Limitation on Losses for Taxpayers other than C-corporations

This provision suspends the limit on deductions for excess business losses for 2018-2020. An excess business loss is the amount that a taxpayer's aggregate deductions attributable to trades and businesses exceeds the sum of (1) aggregate gross income or gain attributable to such activities; and (2) \$250,000 (\$500,000 if married filing jointly), adjusted for inflation. For partnerships and S corporations, this provision is applied at the partner or shareholder level. This provision expires after 2025.

7. Modification of Limitation on Business Interest

The 2017 Tax Act reduced the limit on the deduction for business interest

from 50% to 30% of adjusted taxable income (income before interest deductions, taxes, depreciation and amortization deductions, or EBITDA). The 2017 Tax Act also eliminated the rule that restricted net interest deduction limits to firms with a debt-to-equity ratio above 1.5. These revisions were adopted, in part, to reduce profit-shifting by multinational corporations (by borrowing in the United States).

The CARES Act increases the limit to 50% for 2019 and 2020.

8. Technical Amendments regarding Qualified Improvement Property

The 2017 Tax Act erroneously excluded the cost of qualified improvement property (leasehold, restaurant, and retail property improvements) from being eligible for 15-year depreciation and from being expensed immediately (bonus depreciation). The CARES Act now classifies these improvements as 15-year depreciable property and allows them to qualify for bonus depreciation.

Implications for Individuals**9. \$1,200 Rebates/Checks for Individuals**

The CARES Act allows a credit against 2020 income taxes generally based on information from 2019 income tax returns. The credit will be paid to taxpayers during 2020 and equals \$1,200 (\$2,400 for married joint filers). Taxpayers eligible for the credit can also receive \$500 for each child under the age of 17 eligible for the child tax credit. The credit phases out at a rate of 5% of adjusted gross income ("AGI") above \$75,000

(\$112,500 for head of household filers, \$150,000 for married joint returns). The IRS intends to send these payments via direct deposit when possible, based on banking information as listed on taxpayers' tax returns.

For the IRS FAQs on this topic, see <https://bit.ly/economicimpact-payments>.

10. Special Rules for Retirement Plans in 2020

For retirement plan distributions, the CARES Act provides an exception to the 10% early withdrawal penalty for distributions up to \$100,000 for coronavirus-affected individuals. Income from such distributions will be recognized over three years, and taxpayers can re-contribute funds to an eligible retirement plan in the first year or within three years without regard to the year's contribution cap. For coronavirus-affected individuals, loan limits from retirement plans would be increased from \$50,000 to \$100,000 and the repayment deadline is delayed for loans that are due in 2020.

In addition, required minimum distribution ("RMD") rules generally require that taxpayers withdraw minimum amounts annually after reaching age 72 (70½ before 2020). The CARES Act waives the RMD requirements for 2020.

For the Senate Finance Committee FAQs on this topic, see <https://bit.ly/senatefinance-FAQ>.

11. New Above the Line Charitable Contribution Deduction for Non-Itemizers

The CARES Act provides for an above-the-line deduction for charitable cash contributions of up to \$300 for taxpayers

not itemizing deductions.

12. Modification of Limitations on Charitable Contributions During 2020

Income limits apply to both individual and corporate charitable contribution deductions. The CARES Act suspends the 50% of AGI limit (temporarily 60% for cash contributions through 2025) on cash contributions for individuals for 2020. The corporate deduction limit is increased from 10% of taxable income to 25% for cash contributions. The limit on the deduction of food inventory is increased from 15% to 25%. The increased limits do not apply to contributions to private foundations and donor-advised funds.

13. Exclusion for Certain Employer Payments of Student Loans

The CARES Act temporarily expands the definition of employer-sponsored educational assistance to include qualified student loan payments made to employees in 2020. Under current law, employers can provide their employees with up to \$5,250 per employee per year in educational assistance (generally for tuition, fees, and related supplies) that is excluded from wages (and hence not subject to income or payroll taxes). Under this provision, qualified student loan payments are subject to the overall cap of \$5,250 per employee per year.

Source: Sarah Ward and Ryan D. Nowicki, Jeffer Mangels Butler & Mitchell LLP, www.jmbm.com.

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STATE HAPPENINGS BY RJ

Monthly Update from Our Lobbyist in Sacramento

COVID-19 Funding Options

The state and federal responses to the COVID-19 pandemic continue to evolve. On April 15, 2020 I presented a webinar for PIASC members that discussed how these responses impact you as an employer. This was the second webinar in what may become an on-going series.

While the recording of this webinar is available at <https://bit.ly/lastwebinar-govt>, the following provides a synopsis of three funding options that were presented.

Free Loan: California Sales Tax Liability Extension

Businesses with less than \$5 million in taxable annual sales can take advantage of a 12-month, interest-free payment plan for up to \$50,000 of sales and use tax liability. In other words, small businesses can qualify for an interest-free loan from the government.

The online payment plan request system is not yet up and running. To receive a notification when it is, fill out the form that's available at <https://bit.ly/form-smallbusiness> (scroll down to the "Small Business Relief Payment Plans for Sales and Use Tax" section).

Low-Cost Loan: SBA Economic Injury Disaster Loan

The SBA's existing Economic Injury Disaster Loan (EIDL) program offers loans of up to \$2 million. These funds can be used to pay fixed debts, payroll, accounts payable and other bills that cannot be paid because of the disaster's impact.

The interest rate for small businesses is 3.75%, with payment terms up to a maximum of 30 years.

To apply, visit <https://bit.ly/injury-loan>.

Free Money: SBA Economic Injury Disaster Loan Grants

Businesses that have applied for an SBA Economic Injury Disaster Loan (EIDL) can also apply for an emergency advance of up to \$10,000.

This advance, which is actually a grant, does not need to be repaid under any circumstance.

These funds can be used to keep employees on the payroll, pay for sick leave, meet increased production costs due to supply chain disruptions or pay business obligations (including debts, rent and mortgage payments).

Plus, the program is backdated. All EIDL loan applications placed between January 31, 2020 and December 31, 2020 can qualify for the grant.

To apply, visit <https://bit.ly/emergency-advance>.

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USED. Best offer. Boxed and ready to go. Pick-up in City of Industry. Spare parts included. Contact Tom at 562-447-9982, tom@jbcfsafety.com.

Want to place a classified ad? Contact Wendy Ferruz, 323.728.9500, Ext. 262, wendy@piasc.org



PIASC Events Calendar

MAY
13**WEBINAR: Managing Credit, Collections, Disputes and Bankruptcies in the Post Covid-19 World**

11:00 am - 12:00 pm

Contact: Kristy Villanueva, Ext. 215, kristy@piasc.orgSEPT
15**SAVE THE DATE! 22nd Annual Orange County Paper & Substrate Show**Andre's Conscious Cuisine
Irvine, CAContact: Maribel Campos, Ext. 210, maribel@piasc.orgJUN
15-19**WEBINARS: CI Ready!**

June 15-19, 2020

11:00 am - 12:00 pm daily

Contact: Sam Shea, 412.259.1747, shea@printing.org

For full list of workshops and virtual classes, please visit www.piasc.org/events