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To our valued payroll clients:

The CARES Act provides relief from small businesses that have trouble covering payroll expenses. The purpose of this letter is just to inform you that these credits and deferrals **will not** be available to businesses that get a Paycheck Protection Program Loan. We will keep you posted as further guidance becomes available.

You are required to let us know in writing of any loans taken under the SBA Paycheck Protection Program. If you do not reply, we will process payroll as normal.

The Employee Retention Tax Credit:

This provision creates a refundable payroll tax credit for businesses that retain their employees during the COVID-19 crisis. Employers are eligible if they have been fully or partially suspended as a result of a government order, or they experience a 50 reduction in quarterly receipts as a result of the crisis. For employers with 100 or fewer full-time employees, all employee wages are eligible. The tax credit is equal to 50% of wages per quarter. There is an overall limit on wages per employee of \$10,000. The credit is provided through December 31, 2020.

Payroll Tax Deferral:

This provision allows employers to delay paying the employer-portion of payroll taxes through the end of 2020. The deferred amounts are due in two equal installments, one at the end on 2021, the other at the end of 2022. The payroll tax that can be deferred is the employer portion of FICA tax. We will not be responsible to keep track of the deferred amount due at the end of each year. This is the responsibility of the taxpayer.

Russell Ishikawa