

TO: NAW Direct Members

FROM: NAW Government Relations Team

RE: NAW Critical Update Number 91 – August 28 at 3:00 PM

1. Latest on the President's Employee Payroll Tax Deferral Executive Order

Earlier this month the President issued an Executive Order (EO) that would permit the deferral of employee payroll taxes from September 1 to the end of the year. The policy in the EO was very vague, and NAW joined association allies in sending a letter to Congressional Leaders and Secretary Mnuchin opposing the EO because of complicated implementation and the possibility that employees could face significant tax increases at the end of the deferral period. We included a link to our letter in a previous Update; you can read it [HERE](#).

As of this writing, no official guidance on the program has been released. Yesterday Bloomberg reported that the White House and Treasury disagree on a key part of that guidance: Treasury/IRS guidance would have the **employee** responsible for paying the tax at the end of the deferral period, but the White House wants **employers** to be responsible for paying the taxes – even though it is the employee portion of the tax that would be deferred with the intent to increase employee take-home pay by the amount of deferred tax. Since the Administration cannot ensure that the tax deferral would be made permanent, obligating employers to pay the deferred tax would make employers very unlikely to participate in this program. Bloomberg noted:

The White House has few good options as it gives companies guidance on how to implement Trump's August 8 order to delay the collection of the payroll taxes. Requiring companies to pay back the taxes on behalf of their workers means that few employers will likely implement Trump's deferral. Passing the responsibility onto employees could be politically risky and set up millions of people with unexpected tax bills.

You can read the full Bloomberg story [HERE](#), and we will continue to watch for official guidance on the program.

2. Latest on the Next Congressional Pandemic Relief Package

An effort to resume bipartisan negotiations on a coronavirus relief package appeared to go nowhere yesterday after a 25-minute phone call with House Speaker Nancy Pelosi and White House Chief of Staff Mark Meadows. The two sides have been at an impasse over the next virus relief bill since talks broke off on August 7th. Earlier this week, Meadows predicted that there will be no stimulus deal with Congress until the end of September. “If we got back in the room with some of their priorities, we could cut a deal and the president wants to do that. But I’m not optimistic,” Meadows said in an interview on Wednesday. Following the call, Speaker Pelosi set a new red line for any more talks: an agreement by Republicans to provide at least \$2.2 trillion in relief funding.

Speaker Pelosi’s office responded to Meadow’s comments saying that the Speaker’s position remains that to restart talks the White House “must meet us halfway” between the top-line numbers on the package. Meadows said he thought Pelosi would look to combine stimulus with the stopgap continuing resolution needed to prevent an October 1 shutdown of Federal agencies which is something she’s repeatedly argued against. Meadows said he’d favor such a combination but would like to see it pass sooner rather than later.

Meanwhile, Senate Republicans are crafting a smaller package, expected to be around roughly \$500 billion, that would include money for the Postal Service, Federal unemployment aid, another round of Paycheck Protection Program funding, as well as help for schools and money for coronavirus testing. Republicans had been expected to unveil their new bill last week but appeared to still be finalizing the details. Senator Marco Rubio, during a separate interview with Fox News, said, “We’re very close to having a bill that Republicans are prepared to move on, hopefully as early as next week.”

3. Latest on Paycheck Protection Program

As we have previously reported, the Paycheck Protection Program (PPP) continues to have growing pains, especially relating to shifting requirements from the Federal government on forgiveness of the loans. The Small Business Administration (SBA) issued guidelines on August 4th stating they would release further clarification documentation on full-time employee qualification. However, to-date the SBA has still not released any new guidance. You can see more about the challenges of getting

reliable answers on PPP loan forgiveness by clicking [HERE](#) to read an article from *Bloomberg*.

The Treasury Department and Small Business Administration earlier this week published another Interim Final Rule (IFR) on the PPP. This is a fairly narrow IFR, dealing specifically with “the ownership percentage that triggers the applicability of owner compensation rules for forgiveness purposes” and “limitations on the eligibility of certain nonpayroll costs for forgiveness.” You can access the IFR [HERE](#).

4. Latest on President’s Unemployment Insurance Executive Order

President Trump declared three weeks ago that he was going to “take care” of jobless Americans with an Executive Order giving them a \$400 weekly boost in their unemployment benefits. But when workers receive the new payments — and the amount they’re getting — is varying widely by state. Many employers – including many NAW members – report that the bonus payment has made it difficult for them to hire or re-hire workers.

According to an article in *Politico*, the new program got a cold reception from states and unemployment experts who warned the system would be difficult and time-consuming to put into place. The uneven distribution of the aid is the result of politics and outdated computer systems. Some governors have hesitated to apply for the money, criticizing the program as too expensive because states must contribute \$100 toward each payment. Other states are taking the money, but they say they need more time to get their archaic computers to spit out the checks.

So far at least 42 states have applied to the Federal government for the money and 32 have been approved. The funds come from a \$44 billion pool of disaster relief aid that’s doled out by the Federal Emergency Management Agency. But only 4 states say they’ll be paying out the benefits by this week. To read the full article in *Politico*, click [HERE](#).

5. Latest on Economic Recovery and Re-Opening the Workplace

As the Coronavirus Pandemic continues to impact the United States economy and businesses across the nation, it can be hard to decipher how new regulations and laws may impact your business. To help you manage these issues NAW is providing information about reports, webinars and seminars that you may find useful:

[Distributors: NAW needs input from your customers about disruptive technologies](#)

The pandemic has accelerated the need for distributors to adopt technology in order to meet customer needs.

DISTRIBUTORS: NAW is working with Distribution Strategy Group to get input from distributors' customers on a range of disruptive technologies: AI, 3D Printing, blockchain and more.

Here is how you can help: Please send a brief survey to your customers — we want input directly from purchasing professionals and other business buyers. We need to complete this research as quickly as possible, so please email your customers ASAP. You may [access the NAW survey link here](#), and we've also included some text you can use to communicate with your customers. Thank you!

Complimentary Webinar from *Little Law Firm*:

[Understanding the Return to Work Challenge Posed by COVID-19.](#)

The webinar will take place on September 1st at 2:00pm (EST).

While some states and localities are easing their COVID-19-related restrictions, others are restoring "stay-at-home" orders and imposing strict new requirements for onsite work. For multi-state employers, keeping track of these constantly changing requirements is a full-time challenge. To register, click [HERE](#).

From *Little Law Firm*:

[Reopening and Rehiring During the COVID-19 Pandemic – Critical Employee Benefits and Executive Compensation Considerations](#)

This article summarizes key employee benefits and executive compensation considerations as employers re-open and rehire during the COVID-19 pandemic. To read the full article, click [HERE](#).

Department of Labor Answers Questions about Eligibility for Paid Leave and Pandemic Unemployment Assistance

The Department of Labor's Wage & Hour Division (WHD) has released [Frequently Asked Questions \(FAQs\)](#) for workers and employers about qualifying for paid leave under the Families First Coronavirus Response Act (FFCRA). The new FAQs issued explain eligibility for paid leave relative to the varied formats and schedules schools have announced as they plan to re-open, including blending in-person with distance

learning. WHD is providing this information to explain the benefits and protections available under both the paid sick leave and the expanded family and medical leave provisions of FFCRA.

To read the full news release and guidance, click [HERE](#).

Stateside Associates publishes a daily report about State and Local Government responses to the evolving situation.

To read their latest report, click [HERE](#).

We are also providing a link to a spreadsheet that includes state and local COVID-19 response information provided by **MultiState Associates**.

To view their spreadsheet, click [HERE](#).

[Click here](#) for links to Critical Updates sent previously.

Many thanks—

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