

## IRS Coronavirus-Related Tax Credits

### Eligibility:

- Eligible employers are businesses and tax-exempt organizations with fewer than 500 employees that are required to provide emergency paid sick leave and emergency paid family and medical leave under the Act.
- Eligible employers will be able to claim these credits based on qualifying leave they provide between April 1st, 2020-December 31st, 2020.
- Equivalent credits are available to self-employed individuals based on similar circumstances
- Employers receive 100% reimbursement for paid leave pursuant to the act
  - Health insurance costs are also included in the credit
  - Employers face no payroll tax liability

### Paid leave:

- Employees can receive two weeks (up to 80 hours or a part-time employee's two-week equivalent) of paid sick leave at **100% of the employee's pay** if the employee is unable to work because the employee is quarantined, and/or experiencing COVID-19 symptoms, and seeking a medical diagnosis. (#1, #2, or #3 below)
- Employees unable to work because of a need to care for an individual subject to quarantine, to care for a child whose school is closed or child care is unavailable for reasons related to COVID-19, and/or the employee is experiencing substantially similar conditions can receive two weeks (up to 80 hours) of paid sick leave at **2/3rds of the employee's pay** (#4 or #5 below)
- Employees unable to work due to a need to care for a child when school is closed may in some instances receive up to an additional ten weeks of expanded paid family and medical leave at **2/3rds of the employee's pay** (#5 below)
  - Up to \$200 daily and \$12,000 total
- Eligible employers are entitled to an additional tax credit determined based on costs to maintain health insurance coverage for the eligible employee during the leave period

## **QUALIFYING REASONS FOR AN EMPLOYER'S LEAVE RELATED TO COVID-19**

<ol style="list-style-type: none"><li>1. Is subject to Federal, State, or local quarantine or isolation order related to COVID-19</li><li>2. Has been advised by a health care provider to self-quarantine related to COVID-19</li><li>3. Is experiencing COVID-19 symptoms and is seeking a medical diagnosis</li><li>4. Is caring for an individual subject to an order described in (1) or self-quarantine as described in (2)</li></ol>	<ol style="list-style-type: none"><li>5. Is caring for his or her child whose school or place of care is closed (or child care provider is unavailable) due to COVID-19 related reasons; or</li><li>6. Is experiencing any other substantially-similar condition specified by the U.S. Department of Health and Human Services</li></ol>
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### **Non-Enforcement Period:**

- Requirements subject to 30-day non-enforcement period for good faith compliance efforts
- Labor will instead focus on compliance assistance during the 30-day period
- The U.S. Department of Labor's Wage and Hour Division (WHD) has the authority to investigate and enforce compliance with the FFCRA.
- Employers may not discharge, discipline, or otherwise discriminate against any employee who lawfully takes paid sick leave or expanded family and medical leave under the FFCRA, files a complaint or institutes a proceeding under or related to this Act.
- Employers in violation of the provisions of the FFCRA will be subject to penalties and enforcement by WHD.

### **Prompt Payment for the Cost of Providing Leave:**

- Eligible employers who pay qualifying sick or child care leave will be able to retain an amount of the payroll taxes equal to the amount of qualifying sick and child care leave that they paid, rather than deposit them to the IRS
- Payroll taxes available for retention include withheld federal income taxes, the employee share of Social Security and Medicare taxes, and the employer share of Social Security and Medicare taxes with respect to all employees
- If there are not sufficient payroll taxes to cover the cost of qualified sick and child care leave paid, employers will be able to file a request for an accelerated payment from the IRS.
  - The IRS expects to process these requests in two weeks or less

### **Small Business Exemption:**

- Small businesses with fewer than 50 employees will be eligible for an exemption from the leave requirements relating to school closings or child care unavailability where the requirements would jeopardize the ability of the business to continue.