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SOUTH FLORIDA BUSINESS & WEALTH, "HOW TO GET EMPLOYER TAX CREDITS FOR PAID SICK LEAVE, FAMILY LEAVE"

March 26, 2020

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South Florida Business & Wealth

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The Families First Coronavirus Response Act imposes a mandate on all private employers with fewer than 500 employees (subject to some exceptions where there are less than 50 employees) as well as some public employers to provide paid time off to employees who need leave for reasons connected to the COVID-19 pandemic.

Eligible employers will receive a tax credit equal to 100% of the funds they spend, subject to certain limitations, on the paid leave through December 31, 2020.

The act authorizes a tax credit, available immediately, for qualified sick leave wages and qualified family medical leave wages. The tax credits are equal to the maximum amounts that the employers must pay to employees under the law, subject to caps as described below.

The benefits may be summarized as follows:

1. **Paid sick leave**: Employees of eligible employers receive up to two weeks (80 hours) of paid sick leave at 100 percent of the employee's regular rate of pay, up to $511 per day for 10 days, when the employee is quarantined and/or experiencing COVID-19 symptoms and seeking a medical diagnosis. Eligible employers may receive a refundable tax credit for 100 percent of the employee's regular rate of pay, up to $5,110 in the aggregate per employee ($511 per day for a total of 10 days) against the employer's portion of Social Security taxes.

2. **Providing care:** Employees of eligible employers receive up to two weeks (80 hours) at two-thirds the employee's regular rate of pay, up to $200 per day for 10 days, because the employee is unable to work because of a bona fide need to care for an individual subject to quarantine, to care for a child (under 18 years old) whose school or child care provider is closed or unavailable due to COVID-19, and/or the employee is experiencing a substantially similar condition as specified by the Secretary of Health and Human Services. Eligible employers may receive a refundable tax credit for two-thirds of the employee's regular rate of pay, up to $2,000 per employee (or $200 per day for 10 days), against the employer's portion of Social Security taxes.

3. **Family and medical leave:** Employees of eligible employers receive up to an additional 10 weeks of expanded family and medical leave at two-thirds the employee's regular rate of pay, subject to a cap, if an employee, who has been employed for at least 30 calendar days, is unable to work due to a need to care for a child whose school or child care provider is closed or unavailable for reasons related to

COVID-19. Eligible employers may receive a refundable tax credit for two-thirds of the employee's regular rate of pay, up to $10,000 (or $200 per day for 10 weeks), against the Employer's portion of Social Security taxes.

All employees of eligible employers are eligible for two weeks of expanded family and medical leave (items 1 and 2 above). However, only employees employed for at least 30 days are eligible for an additional 10 weeks of paid family leave to care for a child (item 3 above).

Please note that the foregoing tax credits only apply to the eligible employer's portion of Social Security taxes (i.e., taxes imposed under Sections 3111(a) and 3221(a) of the Internal Revenue Code of 1986, as amended). Such tax credits do not apply to the applicable employee's portion for which the eligible employer is required to withhold and remit to the Internal Revenue Service.

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