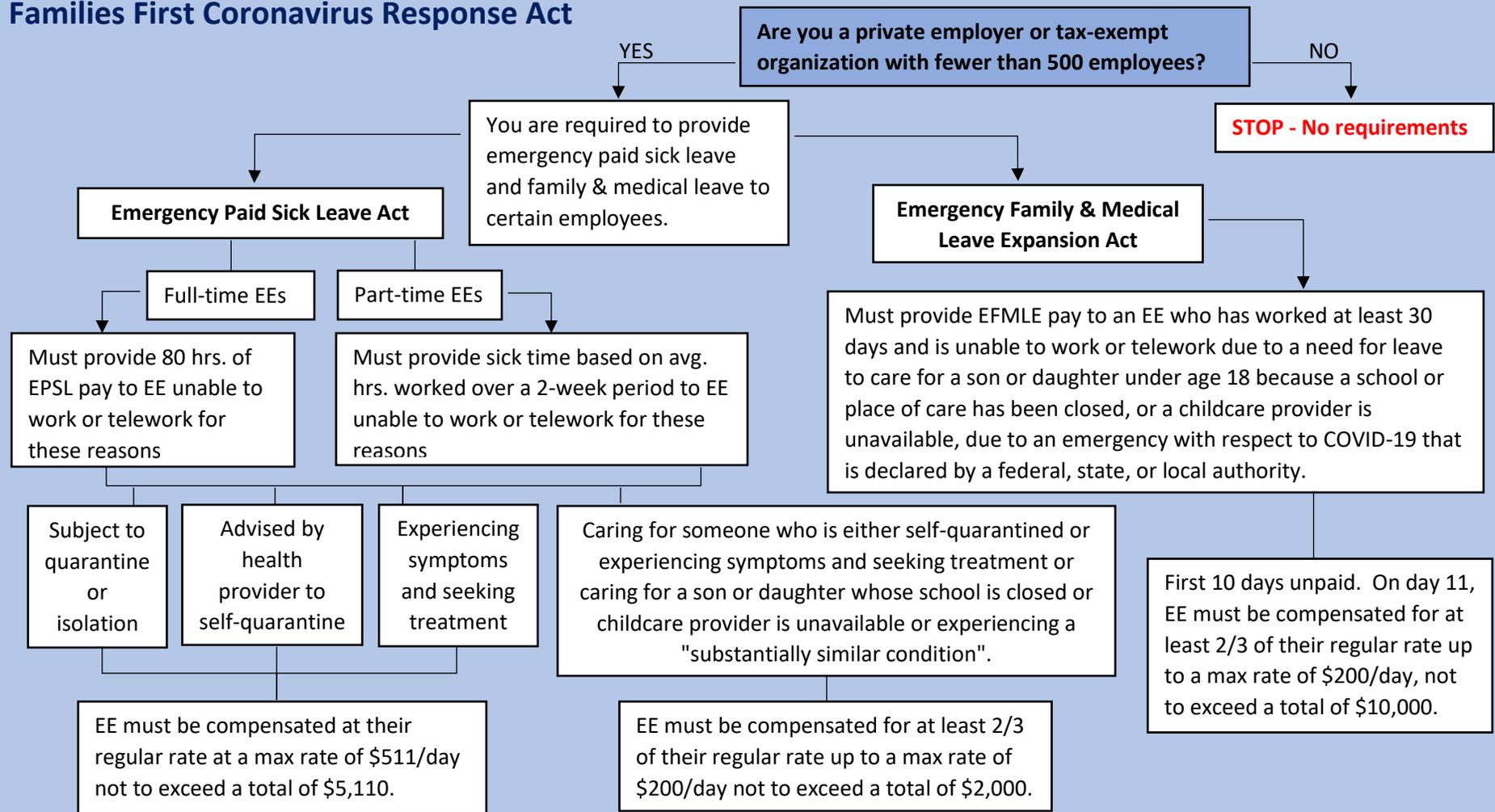


# Families First Coronavirus Response Act



**Notes:**

- The Act also provides for similar benefits for self-employed individuals, defined as one who regularly carries on a trade or business. It covers 100% of a self-employed individual's sick-leave equivalent amount, or 67% of the individual's sick-leave equivalent amount if they are taking care of a sick family member, or a child following the child's school closing for up to 10 days. The sick-leave equivalent amount is the lesser of average daily self-employment income or either (1) \$511/day or (2) \$200/day for reasons listed above.
- The sick leave mandate takes effect not later than 15 days after March 18, 2020 (the date of the Act's enactment) and expires December 31, 2020. The family & medical leave mandate also expires on Dec 31, 2020.
- Small businesses with fewer than 50 employees may 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.

## Families First Coronavirus Response Act

The Act provides tax credits to employers to cover wages paid to employees while they are taking time off under the EPSLA and EFMLEA. The credits have three components:

### 1. Emergency Paid Sick Leave Act & Emergency Family and Medical Leave Expansion Act

- The EPSLA credit for each employee is equal to the lesser of the amount of his leave pay or either:
  - \$511 per day while the employee is receiving paid sick leave to care for themselves, or
  - \$200 per day if the sick leave is to care for a family member or child whose school is closed. In addition, the aggregate number of days available to an individual is limited to 10 for 2020.
- The EFMLEA credit for each employee is the amount of his leave pay limited to \$200 per day with a maximum of \$10,000.

### 2. Qualified Health Plan Expenses increase EPSLA & EFMLEA credit

- The amount of the EPSLA and EFMLEA credits are increased by the portion of the employer's "qualified health plan expenses" that are properly allocable to qualified sick leave wages or qualified family and medical leave wages.
- Qualified health plan expenses mean amounts paid or incurred by the employer to provide and maintain a group health plan, but only to the extent that such amounts are excluded from the gross income of employees.

### 3. Medicare portion of FICA tax increases EPSLA & EFMLEA credit

- Credits allowed to employers for wages paid under the EPSLA and EFMLEA are increased by the amount of the tax imposed by the 1.45% hospital insurance portion of FICA on qualified sick leave wages, or qualified family leave wages, for which credit is allowed.

#### Notes:

- The credits are refundable to the extent they exceed the employer's payroll tax. **(See IR-2020-57)**
- Employers do not receive the credit if they're also receiving the credit for paid family and medical leave under the TCJA.
- The EPSLA and EFMLEA credits may also be taken against the employer's railroad retirement tax.
- The Act also provides for similar refundable credits against the self-employment tax.
- Self-employed individuals can also receive a credit for as many as 50 days multiplied by the lesser of \$200 or 67% of their average self-employment income paid under the EFMLEA.
- The bill takes effect within 15 days of enactment, no later than April 2, 2020. The paid sick and paid family leave provisions, and tax credits created by FFCRA, will sunset effective December 31, 2020.

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