



President Signs Bill Providing Employment Relief

As coronavirus (COVID-19) continues to spread, rattling financial markets, forcing the closures of businesses and schools, and canceling major public events across the country – the Trump Administration and Congress began taking steps to mitigate the impact on Americans.

On March 18, 2020, President Trump signed the Families First Coronavirus Response Act (H.R. 6201) (the Act). This Act increases funding for testing and extends paid sick leave to employees affected by the pandemic. The Act requires employers with fewer than 500 employees to provide paid sick leave to employees who are forced to stay home due to quarantining or to care for an individual ("qualified paid sick leave") or to care for a child if the school or place of care is closed ("qualified family leave"). The bill compensates employers and the self-employed for this paid leave in the form of a tax credit.

In the case of sick leave wages paid by an employer to an employee, the employer receives a refundable credit against its employer portion of the payroll tax. The credit can be claimed on a quarterly basis, equal to 100 percent of the amount of sick leave wages paid under the new law. The amount of the credit is limited to \$200 per day. However, the credit is increased to a maximum of \$511 per day if the employee is on leave because he or she:

- is subject to a federal, state or local quarantine or isolation order related to COVID-19;
- has been advised by a health care provider to self-quarantine due to concerns related to COVID-19; or
- is experiencing symptoms of COVID-19 and seeking a medical diagnosis.

The amount of total hours of paid sick leave is limited by the new law and the payroll tax credit is limited to 80 hours of wages.

For family leave wages paid by an employer, a separate refundable employer payroll tax credit applies, with different limitations. The 100 percent credit against the employer's share of the payroll tax is limited to \$200 per day, up to an aggregate of \$10,000 per employee.

For self-employed persons, the credit is allowed against regular income taxes. The limit on sick leave wages is determined by multiplying the number of days (subject to limitation) the self-employed person is unable to perform services in the trade or business by the lesser of 67% of the taxpayer's average daily self-employment income, or \$200. The limits are increased to 100% and \$511, respectively, in the case of the three scenarios that also apply to the employer payroll tax credit. The same calculation is made

for family leave wages, with days unable to perform services (no more than 50) multiplied by the lesser of 67% of the taxpayer's average daily self-employment income, or \$200.

The new law provides numerous requirements, limitations and definitions relating to the application of the mandate, as well as the credit. As mentioned above, these provisions are all temporary. The credits are applicable from April 2, 2020 (the date selected by the Secretary of the Treasury - which must be within 15 days of the date of enactment) until December 31, 2020. The tax provisions do not make changes to the Internal Revenue Code.

The full announcement can be found here: [Treasury, IRS, and Labor Announcement on FFCRA Implementation](#). For further interpretation of this Act, consult your employment law attorney.