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## New mandated employer-paid benefits and costs in coronavirus bill (03-18-20)

On March 18, 2020, the President signed the Families First Coronavirus Response Act (H.R. 6201) to provide immediate relief to individuals and employers. Below is a summary of the key employer-paid sick leave and employer-paid family leave benefits, as well as the employer tax credits for these benefits.

**Caution:** Remember the TCJA and all the questions? Well, there are many unanswered questions here, the foremost being:

- The bill states that the effective date will be no later than April 3, 2020, but we don't know if employers may have to pay benefits earlier;
- The Secretary of Labor may exempt small businesses with fewer than 50 employees, as well as certain health care providers and emergency responders. However, at this time we have no information on whether this will happen, how to count employees, or how employers will get the exemption; and
- We do not know whether California's disability and paid family leave programs may impact these federal programs.

### Paid sick leave

Beginning sometime on or before April 3, 2020, until December 31, 2020, employers (including government employers) with fewer than 500 employees must provide paid sick leave to each employee unable to work (or telework) due to a need for leave because the employee:

- 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;
- Is experiencing symptoms of COVID-19 and is seeking a medical diagnosis;

- Is caring for an individual who is subject to governmental quarantine or isolation order or has been advised by a health care provider to self-quarantine;
- Is caring for his or her child, or if the child's school or place of care has been closed or the child care provider is unavailable due to COVID-19 precautions; or
- Is experiencing any other substantially similar condition specified by the Secretary of Health and Human Services in consultation with the Secretary of the Treasury and the Secretary of Labor.

It appears this is in addition to any sick leave already provided.

### **Paid family leave**

The Act also provides that employers with fewer than 500 employees (including government employees) must provide up to 12 weeks of employer-paid family leave for any employee who has worked more than 30 days for that employer. An employee only qualifies if he or she is unable to work (or telework) because he or she needs to take care of his or her child, under 18 years of age, due to school or child care closures related to a COVID-19 emergency declared by a governmental authority.

The state of California offers a paid family leave program. We are looking into how this will work along with the federal requirement.

### **Credits for employers and the self-employed**

Employers paying paid sick leave, or paid family leave benefits, may claim a refundable credit against their FICA taxes for the gross amount of paid sick leave benefits and paid family leave benefits discussed above. We believe the credit will be taken on the quarterly return, Form 941, Employer's Quarterly Federal Tax Return.

A similar credit is also available for self-employed individuals against their self-employment tax.

At this point these are the basics contained in the law. We know there are a lot of open questions. We will provide additional information on this, as well as April 15 filing and payment extensions, at our [COVID-19 and Filing Extensions: What Tax Pros Need to Know](#) webinar on March 26. We are currently in touch with the Department of Labor, Franchise Tax Board, and Employment Development Department.

To read the Families First Coronavirus Response Act, go to:

[www.congress.gov/bill/116th-congress/house-bill/6201](http://www.congress.gov/bill/116th-congress/house-bill/6201)

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Sign up for our March 26, [COVID-19 and Filing Extensions: What Tax Pros Need to Know](#), and get details of the Families First Coronavirus Response Act and extended tax season deadlines. [Click here](#) to register online.



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