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## The COVID-19 Tax Credit Update

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Families First Coronavirus Response Act (FFCRA) contains new tax credits for employers with under 500 employees who offer paid leave. The Payroll Credit for Required Sick Leave provides a credit against the quarterly OASDI or RRTA (6.2% and 1.45%) payroll taxes in an amount equal to 100 percent of the qualified sick leave wages paid by the employer, subject to the limits described below.

The amount of qualified sick leave wages for purposes of the credit may not exceed \$511 for any day for which the individual is paid such sick time because they are unable to work or telework due to a need for leave because the employee:

- (1) is subject to a Federal, State, or local COVID-19 quarantine or isolation order.
- (2) has been advised by a health care provider to self-quarantine due to COVID 19 concerns.
- (3) is experiencing symptoms of COVID-19 and seeking a medical diagnosis.

The amount of qualified sick leave wages for purposes of the credit may not exceed \$200 for any day for which the individual is paid such sick time because the employee is:

- (4) caring for an individual who is subject to an order described in clause (1) or (2) above.
- (5) caring for their child if the school, place of care or child-care provider has been closed, or is unavailable due to COVID-19 precautions.
- (6) 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.

The Payroll Credit for Required Paid Family Leave allows an employer a quarterly 100% refundable payroll tax credit for the qualified family leave wages paid by the employer.

The paid leave mandated by the Emergency Family and Medical Leave Expansion Act may not exceed \$200 per day and \$10,000 in the aggregate.

The employer's qualified health plan expenses allocable to the sick leave wages can increase the tax credit.

The sick leave or family leave credits cannot exceed the quarterly federal payroll taxes paid on all wages by the employer. If the credits exceed the amount of quarterly federal payroll taxes on all wages paid by the employer, the excess shall be treated as an overpayment that is refundable to the employer.

There is also a provision for application of the tax credit for paid sick leave and family leave for self-employed individuals.

These provisions end on December 31, 2020.

CCC continues to monitor the updates from the federal government and will continue to provide updates as they become available.

**Questions? Contact your CCC Account Executive or contact CCC via telephone at (800) 207-6926 or via [email](#).**