

COVID-19: Payroll Tax Incentives

	Payroll Tax Deferral (CARE Act)	Employee Retention Credit (CARE Act)	Paid Leave Tax Credit (Families First Coronavirus Response Act)
Who is eligible?	Any employer	Any employer	Employers with <500 employees that are required to provide paid leave under Emergency Paid Sick Leave Act ("EPSLA") or Emergency Family and Medical Leave Expansion Act ("Expanded FMLA")
Restrictions	Businesses taking advantage of SBA loan are not eligible	Businesses taking advantage of SBA loan are not eligible	Leave payments must be made to employees under EPSLA or Expanded FMLA
Requirements	None	Businesses continuing to pay employees while: <ul style="list-style-type: none"> ▪ Business operations are fully or partially suspended, or ▪ Gross receipts have dropped more than 50% in the calendar quarter when compared to the same quarter in 2019 	<p><u>Paid Sick Leave Credit</u> - (1) employee is under quarantine based on government or health provider's order or is experiencing symptoms of COVID-19, (2) employee is caring for someone who is quarantined or experiencing symptoms of COVID-19, or (3) employee is caring for a child who is home because school or daycare is closed due to COVID-19</p> <p><u>Paid Family Leave Credit</u> - same as (3) above</p>

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Details	<p>Defer payment of 6.2% employer portion of Social Security Tax:</p> <ul style="list-style-type: none"> ▪ 50% due by 12/31/2021 ▪ 50% due by 12/31/2022 	<p>Credit of 50% of qualified wages (up to \$10,000 of wages in total per person)</p>	<p>Credit based on qualified leave wages ("QLW"), qualified health plan expenses allocated to QLW, and Medicare taxes on QLW</p> <p><u>Paid Sick Leave Credit (up to 10 days/80 hrs)</u> - 100% of wages (max \$511/day) if unable to work due to (1) above or 2/3 of wages (max \$200/day) if unable to work due to (2) or (3) above</p> <p><u>Paid Family Leave Credit (up to 10 weeks)</u> - 2/3 of wages (max \$200/day)</p>
Timeframe	<p>Deferral applies to payments due to the IRS between 3/27/2020 - 12/31/2020</p>	<p>Effective for wages paid between 3/13/2020 - 12/31/2020</p>	<p>Effective for qualified leave wages paid 4/1/2020 - 12/31/2020</p>
How to claim the credit/benefit?	<p>Employers should reach out to their payroll provider to direct them to start deferring the applicable payments</p>	<p>Employers can reduce their required deposits of payroll taxes (amounts withheld from employees' wages, Social Security tax, and Medicare tax) by the amount of the credit</p> <p>Credits in excess of payroll tax deposits will be refunded if employer files refund request on Form 7200</p>	<p>Employers can reduce their required deposits of payroll taxes (amounts withheld from employees' wages, Social Security tax, and Medicare tax) by the amount of the credit</p> <p>Credits in excess of payroll tax deposits will be refunded if employer files refund request on Form 7200</p>

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Other notes	Similar deferral on 50% of self-employment tax	<p>< 100 employees - credit based on wages paid to all employees, regardless if they are still working</p> <p>>100 employees - credit based on wages paid only to employees who <u>did not</u> work during the quarter</p>	N/A
Links to additional information	Additional details on Payroll Tax Deferral	Additional details on Employee Retention Credit Form 7200	Additional details on FFCRA Form 7200