



COVID-19 UPDATE | MARCH 18, 2020

CORONAVIRUS RELIEF BILL PROVIDES ADDITIONAL EMPLOYEE PAY PROTECTIONS AND RELATED EMPLOYER TAX CREDITS

On March 18th, President Donald Trump signed The Families First Coronavirus Response Act, a coronavirus relief bill that, among other provisions, contains several payroll tax credits for employers who provide paid sick leave, or paid family or medical leave for employees impacted by COVID-19. This bill takes effect within 15 days of enactment, or no later than April 2, 2020.

Emergency Paid Sick Leave Act

Under the Emergency Paid Sick Leave Act portion of the bill, employers with fewer than 500 employees (employers with fewer than 50 employees may be exempted from these requirements if such requirements would jeopardize the viability of the small business - more information to come in future updates) are required to provide up to 80 hours of paid sick time for full time employees through the end of this year for any employee who is unable to work because they are:

- Subject to federal, state, or local quarantine or isolation
- Advised by a health provider to self-quarantine
- Experiencing symptoms of COVID-19 and seeking medical diagnosis
- Caring for someone who is subject to federal, state, or local quarantine or isolation
- Caring for a child whose school or place of care has been closed due to COVID-19 precautions
- Experiencing any other substantially similar condition specified by the Secretary of Health and Human Services in consultation with Secretary of Treasury and Secretary of Labor

Part time employees are entitled to be paid for the number of hours the employee works, on average, over a 2-week period. For part time employees with variable hours, the employer shall average the number of hours worked over the past six-month period. Employees working for less than a six-month period, the employer shall use the "reasonable expectation of the employee at the time of hiring of the average number of hours per day that the employee would normally be scheduled to work."

Employers must pay employees their regular rate of pay, or minimum wage, whichever is greater, for leave taken for workers who are quarantined, self-quarantined, or have symptoms of COVID-19. Employers must pay employees at 2/3 their regular rate of pay, or minimum wage, whichever is greater, for other qualified workers.

The bill provides an employer payroll tax credit that equals 100% of the qualified sick leave wages paid by the employer for an employee's absence from work, under the requirements above. The credit is available for paid sick leave wages starting on April 2, 2020 through December 31, 2020, and is generally available for:

- Wages up to \$511 for workers who are quarantined, self-quarantined, or have symptoms of COVID-19
- Wages up to \$200 for other qualified workers for each day an employee receives qualified sick leave pay
- Up to 10 days per calendar quarter

For self-employed individuals, the bill also provides eligible taxpayers with a refundable credit against

Emergency Family and Medical Leave Expansion Act

Under the Emergency Family and Medical Leave Expansion Act portion of the bill, employers with fewer than 500 employees (employers with fewer than 50 employees may be exempted from these requirements if such requirements would jeopardize the viability of the small business - more information to come in future updates) are required to provide health emergency leave for any employee who is unable to work because they are caring for a child under 18 whose school or place of child care has been closed or unable to provide care due to COVID-19 precautions.

The bill provides an employer payroll tax credit that equals 100% of the qualified family leave wages paid by the employer for an employee's absence from work under the requirements above. The credit is available for paid family and medical leave wages starting on April 2, 2020 through December 31, 2020, and is generally available for:

- Employees who have been employed at least 30 calendar days by the employer
- Wages up to \$200 for each day an employee receives qualified family leave wages
- A maximum of \$10,000 in wages per employee

The first 10 days of family leave are unpaid. Employers may allow employees to substitute any other paid leave for accrued vacation, personal, medical or sick leave. Employees who qualify for paid sick leave may also use that paid leave for these 10 days. However, employers cannot mandate that employees substitute any of these other paid leaves.

The next 10 weeks of leave are to be paid. Employees are entitled to be paid not less than 2/3 of their regular rate of pay for the number of hours the employee would otherwise normally be scheduled to work. "Regular rate of pay" is determined consistent with the Fair Labor Standards Act.

For self-employed individuals, the bill also provides eligible taxpayers with a refundable credit against income tax for qualified family leave equivalent amounts.

There are limitations, exemptions, and exclusions that apply to both of these payroll tax credits. In both cases, employers who claim the credits will increase their gross income by the amount credited, meaning that the credit will not be taken into account for purposes of determining deductions.

Legal Disclaimer Regarding Employment Related Decisions

Before making employee related decisions, we strongly recommend consulting your labor attorney or other human resources professional to ensure that you know all of your options and related consequences that may impact you or your business. The information in this update provides general guidance on the new employer related responsibilities, and does not consider your particular workforce, facts and circumstances which are unique to every business.

Stay tuned for more guidance as these changes unfold. As we navigate these uncertain times together, please don't hesitate to contact us at 781.279.7788 with any questions you may have.

As always, it's our pleasure to be your trusted advisor.