



Key Takeaways

Employee Paid Leave Provisions Related to COVID-19

The Families First Coronavirus Response Act, signed into law last week, allows small and mid-sized employers to use two new refundable payroll tax credits aimed at immediately reimbursing them, dollar for dollar, for the cost of providing coronavirus-related leave to their employees.

The new law also mandates paid leave benefits for small business employees affected by the COVID-19 emergency.



Paid Sick Leave for Workers

For COVID-19 related reasons, employees receive up to 80 hours of paid sick leave and expanded paid child care leave when employees' children's schools are closed or child care providers are unavailable.



Complete Coverage

Employers receive 100% reimbursement for paid leave pursuant to the Act.

- Health insurance costs are also included in the credit.
- Employers face no payroll tax liability.
- Self-employed individuals receive an equivalent credit.



Fast Funds

Reimbursement will be quick and easy to obtain.

- An immediate dollar-for-dollar tax offset against payroll taxes will be provided.
- Where a refund is owed, the IRS will send the refund as quickly as possible.



Small Business Protection

Employers with fewer than 50 employees are eligible for an exemption from the requirements to provide leave to care for a child whose school is closed, or child care is unavailable in cases where the viability of the business is threatened.



Easing Compliance

- Requirements subject to 30-day non-enforcement period for good faith compliance efforts. To take immediate advantage of the paid leave credits, businesses can retain and access funds that they would otherwise pay to the IRS in payroll taxes. If those amounts are not sufficient to cover the cost of paid leave, employers can seek an expedited advance from the IRS by submitting a streamlined claim form that will be released next week.