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Yesterday, Congress approved HR 6201, which was signed by the President that same evening. The Families First Coronavirus Response Act benefits both employers and employees during this pandemic affecting the world. This bill will become law effective 15 days after the President's signature.

It is our intent with this communication to assess the highlights of this package as it affects our sphere of service. There are other provisions of this bill that can be found here:

<https://www.congress.gov/116/bills/hr6201/BILLS-116hr6201eh.pdf>

The bulletpoints to be addressed are as follows:

- Paid sick leave
- Paid family and medical leave
- Enhanced unemployment insurance
- Tax credits for small business to encourage paid leave

**Please note these provisions only apply to employers with less than 500 employees.**

**Emergency Paid Sick Leave Act.**

- Employers to provide two weeks of paid sick leave, at employee's regular pay rate, to quarantine or seek a diagnosis or preventative care for coronavirus; **or**,
- Paid at 2/3 of the employee's regular rate to care for a family member for same purposes or to care for a child whose school has closed, or child care provider is unavailable, due to the coronavirus.
  - Full-time employees are entitled to 80 hours (hourly pay) or 2 weeks (salaried);
  - Part-time employees are entitled to the number of hours normally worked during a 2 week period;
  - Employees who work under a multiemployer collective agreement and whose employers pay into a multiemployer plan (Paycom, Trinet, Nextep, etc.) are provided with leave;
  - **This Act will expire December 31, 2020.**

**Tax Credits for Paid Sick Leave.**

- There is a **refundable** tax credit equal to **100% of QUALIFIED paid sick leave wages paid** by an employer for each calendar quarter.
- The tax credit is allowed against the employer share of Social Security (OASDI) Tax and Medicare Tax paid **for all employees**, and **claimed on the employer's quarterly 941 filing**;
- Amount of the credit:
  - For employees who self isolate, obtain a diagnosis or comply with a self-isolation recommendation, the amount of qualified sick leave wages is capped at **\$511.00 per day**;
  - For employees who are caring for a family member or for a child whose school or place of care has been closed, the amount of qualified sick leave wages is capped at **\$200.00 per day**;
  - The maximum amount of days taken into account per employee is **10 days**;
- **For self-employed individuals:**
  - There is a **refundable** tax credit equal to **100% of qualified sick leave equivalent amount** for eligible self-employed individuals who must self-isolate, obtain a diagnosis, or comply with self-isolation recommendation with respect to coronavirus;
  - There is a **refundable** tax credit equal to **67% of a qualified sick leave equivalent amount** for eligible self-employed individuals caring for a family member or for a child whose school or place of care has been closed due to coronavirus.
  - The tax credit is **allowed against income taxes, and is refundable.**
  - For self-employed individuals who self isolate, obtain a diagnosis or comply with a self-isolation recommendation, the amount of qualified sick leave wages is capped at **\$511.00 per day or the average daily self-employment income for the taxable year per day**;

- For self-employed individuals who are caring for a family member or for a child whose school or place of care has been closed, the amount of qualified sick leave wages is capped at **\$200.00 per day or the average daily self-employment income for the taxable year per day**;
- Only days the self-employed individual is unable to work for reasons that would entitle the individual to receive paid leave under the Emergency Sick Pay Leave Act are taken into account;
- Documentation must be maintained to claim the credit.

#### **Emergency Family and Medical Leave Expansion Act.**

- Employees that have been on the job for at least 30 days;
- Up to 12 weeks of job protected leave;
- Following reasons:
  - Recommendation to quarantine due to exposure to or symptoms of coronavirus;
  - Care for an at-risk family member adhering to the requirement above;
  - Care for the child of the employee if school or day-care has been closed, or day-care provider is unavailable due to coronavirus;
  - After two weeks of paid leave, a limit will be placed on employees that qualify under this provision if pay is sustained at 2/3 of the normal pay.

#### **Tax Credits for Family and Medical Leave.**

- There is a **refundable** tax credit equal to **100% of QUALIFIED family leave wages paid** by an employer for each calendar quarter.
- The tax credit is allowed against the employer share of Social Security (OASDI) Tax and Medicare Tax paid **for all employees**, and **claimed on the employer's quarterly 941 filing**;
- The amount of qualified family medical leave wages taken into account for each employee is **capped at \$200.00 per day, and \$10,000.00 for all calendar quarters.**
- **For self-employed individuals:**
  - There is a **refundable** tax credit equal to **100% of qualified family leave equivalent amount** for eligible self-employed individuals;
  - The tax credit is **allowed against income taxes, and is refundable.**
  - The amount of qualified sick leave wages is capped at **\$200.00 per day or the average daily self-employment income for the taxable year per day**;
  - Only days the self-employed individual is unable to work for reasons that would entitle the individual to receive paid leave under the Emergency Family and Medical Leave Act are taken into account;
  - Documentation must be maintained to claim the credit.

#### **Emergency Unemployment Insurance Stabilization and Access Act of 2020.**

- Federal government to provide financing to state unemployment agencies;
- State UI agency will require employers to notify the laid off worker of potential unemployment insurance eligibility;
- State UI agencies will need to permit workers to apply for benefits both by phone and online;
- State UI agencies must notify applicants throughout the process.

Many of the provisions of this Act are focused on the State UI Agency requirements to be a recipient of federal funding, but it is best for employers to focus on the second bulletpoint above.

Should you have any questions regarding this communication, please do not hesitate to contact us.

Faithfully in service,



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