I know firms remain concerned about how they afford to comply with the Families First Coronavirus Response Act requirements for paid leave for employees that are ill or have to remain home and unable to work to care for a family member that is ill or to care for a child at home from school/daycare.

The relief explained below is only for those employees who meet the Act's definitions for being on leave. Relief for general loss of revenue/business activity due to COVID19 is covered in some form by the SBA loans noted above and the anticipated federal legislation currently being negotiated in Congress which will hopefully have a forgiveness and payment deferment provision depending how negotiations go (the original version had this).

At the same time it required paid leave for certain employees for firms under 500 (under 50 can ask for an exemption), there are provisions for how a firm can recoup the cost.

Here again is the guidance from the IRS and Department of Labor:

* Small and midsize employers can begin taking advantage of two new refundable payroll tax credits, designed to immediately and fully reimburse them, dollar-for-dollar, for the cost of providing Coronavirus-related leave to their employees. This relief to employees and small and midsize businesses is provided under the Act, which was signed by President Trump on March 18, 2020.
* The Act will help the United States combat and defeat COVID-19 by giving all American businesses with fewer than 500 employees funds to provide employees with paid leave, either for the employee's own health needs or to care for family members. The legislation will enable employers to keep their workers on their payrolls, while at the same time ensuring that workers are not forced to choose between their paychecks and the public health measures needed to combat the virus.

**Key Takeaways**

**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.

The Act provides that employees of eligible employers can receive **two weeks (up to 80 hours) of paid sick leave at 100% of the employee's pay where the employee is unable to work because the employee is quarantined, and/or experiencing COVID-19 symptoms, and seeking a medical diagnosis**.

An employee who is unable to work because of a need to care for an individual subject to quarantine, to care for a child whose school is closed or child care provider is unavailable for reasons related to COVID-19, and/or the employee is experiencing substantially similar conditions as specified by the U.S. Department of Health and Human Services can receive **two weeks (up to 80 hours) of paid sick leave at 2/3 the employee's pay**.

**An employee who is unable to work due to a need to care for a child whose school is closed, or child care provider is unavailable for reasons related to COVID-19, may in some instances receive up to an additional ten weeks of expanded paid family and medical leave at 2/3 the employee's pay.**

**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.

**Here's how it works:**

**Prompt Payment for the Cost of Providing Leave**

When employers pay their employees, they are required to withhold from their employees' paychecks federal income taxes and the employees' share of Social Security and Medicare taxes. The employers then are required to deposit these federal taxes, along with their share of Social Security and Medicare taxes, with the IRS and file quarterly payroll tax returns ([Form 941](https://www.irs.gov/forms-pubs/about-form-941) series) with the IRS.

Under guidance that will be released the week of March 23, eligible employers who pay qualifying sick or child care leave will be able to retain an amount of the payroll taxes equal to the amount of qualifying sick and child care leave that they paid, rather than deposit them with the IRS.

The payroll taxes that are available for retention include withheld federal income taxes, the employee share of Social Security and Medicare taxes, and the employer share of Social Security and Medicare taxes with respect to all employees.

If there are not sufficient payroll taxes to cover the cost of qualified sick and child care leave paid, employers will be able file a request for an accelerated payment from the IRS. The IRS expects to process these requests in two weeks or less. The details of this new, expedited procedure will be announced this week.

* **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 sometime the week of March 23.

**Examples:**

If an eligible employer paid $5,000 in sick leave and is otherwise required to deposit $8,000 in payroll taxes, including taxes withheld from all its employees, the employer could use up to $5,000 of the $8,000 of taxes it was going to deposit for making qualified leave payments. The employer would only be required under the law to deposit the remaining $3,000 on its next regular deposit date.

If an eligible employer paid $10,000 in sick leave and was required to deposit $8,000 in taxes, the employer could use the entire $8,000 of taxes in order to make qualified leave payments and file a request for an accelerated credit for the remaining $2,000.

Equivalent childcare leave and sick leave credit amounts are available to self-employed individuals under similar circumstances. These credits will be claimed on their income tax return and will reduce estimated tax payments.

FULL IRS GUIDANCE

Copy and paste the link below into your brower:

<https://www.irs.gov/newsroom/treasury-irs-and-labor-announce-plan-to-implement-coronavirus-related-paid-leave-for-workers-and-tax-credits-for-small-and-midsize-businesses-to-swiftly-recover-the-cost-of-providing-coronavirus>