

New Employer Tax Credits

All the attention has been placed on the Paycheck Protection Program (PPP) and Economic Injury Disaster Loan program (EIDL) with the forgivable advance of up to \$10,000. The CARES Act also 2 new tax credit provisions, The Credit for Sick and Family Leave and the Employee Retention Credit.

Many businesses that have been severely impacted by coronavirus (COVID-19) will qualify for two new employer tax credits – the Credit for Sick and Family Leave and the Employee Retention Credit.

Sick and Family Leave

- **Credit for Sick and Family Leave**-An employee who is unable to work (including telework) because of coronavirus quarantine or self-quarantine or has coronavirus symptoms and is seeking a medical diagnosis, is entitled to paid sick leave for up to ten days (up to 80 hours) at the employee's regular rate of pay, or, if higher, the Federal minimum wage or any applicable State or local minimum wage, up to \$511 per day, but no more than \$5,110 in total.
- **Caring for someone with Coronavirus**-An employee who is unable to work due to caring for someone with coronavirus, or caring for a child because the child's school or place of care is closed, or the paid child care provider is unavailable due to the coronavirus, is entitled to paid sick leave for up to two weeks (up to 80 hours) at two-thirds the employee's regular rate of pay or, if higher, the Federal minimum wage or any applicable State or local minimum wage, up to \$200 per day, but no more than \$2,000 in total.
- **Care for children due to daycare or school closure**-An employee who is unable to work because of a need to care for a child whose school or place of care is closed or whose child care provider is unavailable due to the coronavirus, is also entitled to paid family and medical leave equal to two-thirds of the employee's regular pay, up to \$200 per day and \$10,000 in total. Up to ten weeks of qualifying leave can be counted towards the family leave credit.
- **Credit for eligible employers**-Eligible employers are entitled to receive a credit in the full amount of the required sick leave and family leave, plus related health plan expenses and the employer's share of Medicare tax on the leave, for the period of April 1, 2020, through December 31, 2020. The refundable credit is applied against certain employment taxes on wages paid to all employees.

Employee Retention Credit

Eligible employers can claim the employee retention credit, a refundable tax credit equal to 50 percent of up to \$10,000 in qualified wages (including health plan expenses), paid after March 12, 2020 and before January 1, 2021. Eligible employers are those businesses with operations that have been partially or fully suspended due to governmental orders due to COVID-19, or businesses that have a significant decline in gross receipts compared to 2019.

The refundable credit is capped at \$5,000 per employee and applies against certain employment taxes on wages paid to all employees. Eligible employers can reduce federal employment tax deposits in anticipation of the credit. They can also request an advance of the employee retention credit for any amounts not covered by the reduction in deposits.

Information can be found at <https://www.irs.gov/coronavirus/new-employer-tax-credits>.