

## Advance Payment of Employer Credits Due to COVID-19

There are 2 related credits for payroll taxes, one for Sick and Family Leave and one for the retention of employees. Only one credit may be claimed against any one wage. Businesses who opted to take advantage of the Payroll Protection Program (PPP) are NOT eligible for Employee Retention Credit. Those who have PPP funds may apply for the Sick and Family Leave Credit but will not have those wages forgiven.

### **CREDIT FOR SICK AND FAMILY LEAVE**

- April 1, 2020, through December 31, 2020
- Refundable Credit in the full amount of the required sick leave and family leave
  - Including:
    - related health plan expenses
    - employer's share of Medicare tax on the leave
- Employers can reduce federal employment tax deposits in anticipation of the credit.
- They can also request an advance of the paid sick and family leave credits for any amounts not covered by the reduction in deposits using Form 7200.

#### **COVERED EMPLOYEES:**

- **EMPLOYEE IS SICK**

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

- **Up to 10 days (80 Hours)**
- **Paid at the larger of:**
  - **Regular Rate of Pay**
  - **Federal Minimum Wage**
- **Maximum of \$511 per day**
- **No more than a total of \$5,110 for the 10 days**

- **EMPLOYEE CARING FOR SOMEONE**

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

- **Up to 10 days (80 Hours)**
- **Paid at the larger of:**
  - **2/3 Regular Rate of Pay**
  - **Federal Minimum Wage**
- **Maximum of \$200 per day**
- **No more than a total of \$2,000 for the 10 days**

- **CHILDCARE**

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

- **Up to 10 weeks**
- **Paid at the larger of:**
  - **2/3 Regular Rate of Pay**
  - **Federal Minimum Wage**
- **Maximum of \$200 per day**
- **No more than a total of \$10,000 for the 10 weeks**



## **EMPLOYEE RETENTION CREDIT**

- Paid after March 12, 2020 and before January 1, 2021
- Refundable Credit is 50% of up to \$10,000 per employee in qualified wages
  
- Qualified wages
  - **Less than 100 Full-time Employees during 2019:**
    - paid to any employee during the period operations were suspended or the period of the decline in gross receipts, regardless of whether or not its employees are providing services.
  - **100 or more Full-time Employees during 2019:**
    - paid to employees that are not providing services because operations were suspended or due to the decline in gross receipts. These employers can only count wages up to the amount that the employee would have been paid for working an equivalent duration during the 30 days immediately preceding the period of economic hardship.
  
- Eligible if they experience either:
  - The full or partial suspension of the operation of their trade or business during any calendar quarter because of governmental orders limiting commerce, travel, or group meetings due to COVID-19, or
  - a significant decline in gross receipts:
    - **A significant decline in gross receipts begins:**
      - on the first day of the first calendar quarter of 2020 for which an employer's gross receipts are less than 50% of its gross receipts for the same calendar quarter in 2019.
    - **The significant decline in gross receipts ends:**
      - on the first day of the first calendar quarter following the calendar quarter in which gross receipts are more than of 80% of its gross receipts for the same calendar quarter in 2019.
  
- The credit applies to qualified wages paid during the period in which there was a significant decline in sales (as defined above) or any calendar quarter in which operations were suspended.
- Employers can reduce federal employment tax deposits in anticipation of the credit.
- They can also request an advance of the paid sick and family leave credits for any amounts not covered by the reduction in deposits using Form 7200.