

## Families First Coronavirus Response Act – Emergency Paid Sick Leave – Quick Reference

### In General

H.R. 6201, the FFCRA, includes provisions requiring employers to provide employees with paid sick leave and extended family leave, and provides a dollar for dollar refundable payroll tax credit for employers who pay out such leave.

### Details

#### General Requirements

- Employers with 500 or fewer employees must provide full-time employees with 80 hours (2 week avg hours for part-time employees) of paid sick time to the extent the employee can't work (or telework) because the employee:
  1. is subject to Federal, State, or Local quarantine or isolation order;<sup>1</sup>
  2. has been advised by health-care professional to self-quarantine;
  3. is experiencing COVID-19 symptoms and is seeking diagnosis;
  4. is caring for an individual described in (1) or (2);
  5. is caring for child whose school or care center has closed;<sup>2, 3</sup>
  6. is experiencing any other "substantially similar condition specified by the Secretary of Health and Human Services."<sup>4</sup>
- Generally, employees are not eligible for sick leave where the employer does not have work for them to do, such as due to a closure of the business pursuant to a government order or where business closure is necessary due to lack of customers.

#### Pay Limits

- For scenarios (1), (2), (3), pay is based on the employee's normal compensation, but cannot exceed \$511/day or \$5,110 in aggregate.
- For scenarios (4), (5), (6), pay is based on 2/3 of normal compensation, but cannot exceed \$200/day or \$2,000 in aggregate.

#### Payroll Tax Credit

- Employers receive a Dollar for Dollar tax credit for sick leave wages paid after April 1, 2020.
  - Credit limited to \$511 per affected employee per day for scenarios (1), (2), (3).
  - Credit limited to \$200 per affected employee per day for scenarios (4), (5), (6).
- This credit is increased by the amount of health plan expenses allocable to the sick leave wages.

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<sup>1</sup> Includes shelter-in-place or stay-at-home orders.

<sup>2</sup> Up to ten additional weeks of paid leave (\$12,000 maximum) is available for employees in this situation.

<sup>3</sup> Employers with 50 or fewer employees are exempt to the extent providing sick leave in this scenario jeopardizes the business as a going concern.

<sup>4</sup> Closure of business due to Covid-19 reasons is not one of the covered scenarios, nor is a general "Shelter in Place" or similar order.

- The Credit offsets employer taxes under Sec 3111 (Social Security & Medicare) & Sec 3221 (RR Retirement Act).
- Any credit in excess of employment taxes is refundable (but not if the employer is already receiving credit for Paid Family and Medical leave under Sec 45S).<sup>5</sup>

#### **Credit for Self Employed Individuals**

- Self-employed individuals who otherwise would have been eligible to receive paid sick leave under the Act are also eligible for tax credits to offset self-employment taxes.
  - Credits are equal to the lesser of \$511 (or \$200, depending on the scenario) or 67% of average daily self-employment income, multiplied by the number of sick days.<sup>6</sup>

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<sup>5</sup> Refunds and advance payments of the credit can be requested on IRS Form 7200. Employers can retain payroll taxes otherwise due while awaiting payment of the credit.

<sup>6</sup> These Credits are also refundable.