

## **IRS Provides New Refundable Payroll Tax Credits for Small Employers; Highlights Key Features of Families First Coronavirus Response Act**

The IRS has provided two new refundable payroll tax credits for small and midsize employers, designed to immediately and fully reimburse them, for the cost of providing Coronavirus-related leave to their employees. This relief has been provided under the Families First Coronavirus Response Act (the Act), signed by President Trump on March 18, 2020. The purpose of the Act is to 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. Further, the Act would 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. In addition, eligible employers would be able to claim these credits based on qualifying leave they provide between the effective date and December 31, 2020.

The key takeaways of the Act are:

- **Paid Sick Leave for Workers:** For COVID-19 related reasons, employees would receive up to 80 hours of paid sick leave and expanded paid childcare leave when employees' children's schools are closed or childcare providers are unavailable.
- **Complete Coverage:** Eligible employers would receive 100% reimbursement for paid leave pursuant to the Act. Further, health insurance costs would also be included in the credit; employers would face no payroll tax liability; and self-employed individuals would receive an equivalent credit.
- **Fast Funds:** Reimbursement would be quick and easy to obtain and an immediate dollar-for-dollar tax offset against payroll taxes would be provided. Moreover, the IRS would send the refund as quickly as possible, where owed.
- **Small Business Protection:** Employers with fewer than 50 employees would be eligible for an exemption from the requirements to provide leave to care for a child whose school is closed, or childcare is unavailable in cases where the viability of the business is threatened.
- **Easing Compliance:** Labor would be issuing a temporary 30-day nonenforcement period under which, labor would not bring an enforcement action against any employer for violations of the Act so long as the employer has acted reasonably and in good faith. Labor would instead focus on compliance assistance during the 30-day period.

The IRS has requested taxpayers to visit [Coronavirus Tax Relief](#) for more information about tax credits and other relief. Finally, the IRS would post information regarding the process to receive an advance payment of the credit by next week.

**Source: CCH – Intelliconnect**