

Sick Leave for COVID Questions

Answers for Small Business Employers

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Businesses and employees are trying to understand the implications of the new stimulus legislation passed to help both companies and people thrive. One set of benefits you might not be aware of yet is the sick and Family and Medical Leave Act (FMLA) leave coverage that is included in the Families First Coronavirus Response Act.

This law provides paid sick leave and paid FMLA leave to employees impacted by COVID-19, and employer tax credits to cover the costs of the paid leave.

Frequently Asked Questions

How does the law benefit employers?

The law allows employers to use tax credits to offset the costs of paid leave.

Who gets coverage from this benefit?

Small businesses with fewer than 500 employees

Is anyone exempt from providing benefits to their employees?

With a special exemption from the Department of Labor, small businesses with fewer than 50 employees could be exempt if the benefit requirements would harm the business and keep it from running.

How does the law benefit employees of small businesses?

These benefits apply to employees of companies under 500 people or to some public agencies. For the first 80 hours or two weeks off, there is coverage for pay at two different levels, depending on the employee's situation.

- >> 100% pay up to \$511/day and \$5,110 total for 80 hours off if your employee:
 - >> Has symptoms of COVID-19 and is seeking care and medical attention
 - >> Was told by a health care provider to self-quarantine, or anyone who is required to quarantine by the government

- >> 66.7% of pay up to \$200/day and \$2,000/total for 80 hours off if your employee:
 - >> Is caring for someone under quarantine due to exposure, symptoms, or government requirements
 - >> Is caring for a child if their school is closed or a child-care provider is not able to give care due to COVID-19

After the initial 80 hours or two weeks, some employees will still need additional time to recover or care for impacted family members. Any employee who has been employed for 30 days or more and is unable to work or telework can receive FMLA benefits for up to 10 additional weeks:

- >> 66.7% of pay, capped at \$200/day and \$10,000/total

How do employers know how much to claim as credits?

Employers take the amount paid in sick leave benefits as a tax credit against social security taxes, reducing your tax by the amount paid out in benefits.

- >> To calculate the amount of the tax credit, you add up the total amount of wages that have been paid to all employees under the sick leave and FMLA benefits during the relevant quarter or pay period. That amount is the credit against the taxes your business paid.
- >> Credits can be computed quarterly.
- >> Credits are first deducted from social security taxes your business paid in the relevant quarter or pay period.
- >> If your credit is more than the social security taxes your business owes, it will be treated as a credit, just as if your business had overpaid social security taxes.

When does the law take effect? And when can employers access the credits?

- >> April 2, 2020. The tax credits will be applied to business' 2020 tax return. There are no other steps you need to take, other than make sure to include
- >> the credit on your return. This law only applies to 2020. The tax credits and FMLA coverage costs can be paid in advance of 2020 filings to certain employers, but the Department of the Treasury is still working on criteria. We will update this information when the guidelines are shared.

For more information, please visit the AALU's [COVID-19 Action Center](#). We will keep updating our resources to help you get up to speed quickly on what you need to know - for your own business and for your clients.