



## Corona Virus Related Information for Employers Pursuant to IRS Notice 2020-57

March 23, 2020

The IRS has announced that small and midsize employers can begin taking advantage of two new refundable payroll tax credits, designed to reimburse them, dollar-for-dollar, for the cost of providing Coronavirus-related leave to their employees.

### **Paid Sick leave for Workers**

For COVID-19 related reasons, employees receive up to 80 hours of paid sick leave and expanded paid child care leave when employees' children's schools are closed or child care providers unavailable.

### **Small Business Protection**

Employers with fewer than 50 employees are eligible for an exemption from the requirements to provide leave to care for a child whose school is closed, or child care is unavailable in cases where the viability of the business is threatened.

### **Eligible employers**

Eligible employers are businesses and tax-exempt organizations with fewer than 500 employees that are required to provide emergency paid sick leave and emergency paid family and medical leave under the Act. Eligible employers will be able to claim these credits based on qualifying leave they provide between the effective date and December 31, 2020. Equivalent credits are available to self-employed individuals based on similar circumstances.

### **Paid Leave**

Employees of eligible employers can receive two weeks (up to 80 hours) of paid sick leave at 100% of the employee's pay where the employee is unable to work because the employee is quarantined, and/or experiencing COVID-19 symptoms, and seeking a medical diagnosis. An employee who is unable to work because of a need to care for someone subject to quarantine, to care for a child whose school is closed or child care provider is unavailable, can receive two weeks (up to 80 hours) of paid sick leave at 2/3 the employee's pay. An employee who is unable to work due to a need to care for a child whose school is closed, or child care provider is unavailable for reasons related to COVID-19, may in some instances receive up to an additional 10 weeks of expanded paid family and medical leave at 2/3 the employee's pay.

### **Paid Sick Leave Credit**

Eligible employers may receive a refundable sick leave credit for sick leave at the employee's regular rate of pay, up to \$511 per day and \$5,110 in the aggregate for a total of 10 days. For employee's who are unable to work because they have Coronavirus quarantine, or self-quarantine or has Coronavirus symptoms and seeking medical diagnosis.

Eligible employers may claim a credit for 2/3 the employee's regular rate of pay, up to \$200 per day and \$2,000 in the aggregate, for up to 10 days. Employers also entitled to additional credit determined based on costs to maintain health coverage for the eligible employee during leave period. This one is for employee's caring for someone with Corona or caring for a child whose school is closed or child care provider unavailable.

### **Child Care Leave Credit**

In addition to the sick leave credit, for an employee who is unable to work because of a need to care for a child whose school or child care facility or provider is unavailable due to Coronavirus, eligible employers may receive a refundable child care leave credit. Credit is equal to 2/3 of employee's regular pay, capped at \$200 per day, or \$10,000 in the aggregate. Up to 10 weeks of qualifying leave can be counted towards the child care leave credit. Employers also entitled to additional credit based on costs to maintain health insurance for the eligible employee during the leave period.

### **Small Business exemption**

Businesses with fewer than 50 employees will be eligible for an exemption from the leave requirements related to school closings or child care unavailability, where the requirements would jeopardize the ability of the business to continue.

### **Further Guidance**

Further guidance is expected this week, and we will provide it when available. We suggest you as an employer keep good records as to when employees may require Paid Sick Leave or Child Care Leave.

**Please stay safe, stay informed, and we will do our best to help you through this ordeal!**

**Sickler, Torchia, Allen & Churchill CPA's P.C.**