

Small Business Pandemic Support

FAMILIES FIRST CORONAVIRUS RESPONSE ACT

September 2020

The information contained in this presentation has been prepared by Civitas Strategies, LLC and is not intended to constitute legal advice. The Civitas Strategies team has used reasonable efforts in collecting, preparing, and providing this information, but does not guarantee its accuracy, completeness, adequacy, or currency. The publication and distribution of this presentation are not intended to create, and receipt does not constitute, an attorney-client or any other advisory relationship. Reproduction of this presentation is expressly prohibited.



civstrat.com
info@civstrat.com
(617) 858-0006

A key component of the Families First Coronavirus Response Act (FFCRA) is paid family leave for small business employees that is **reimbursed for employers**.

Is my business eligible?

If you have fewer than 500 employees, you can take advantage of the FFCRA. **Even if you are a sole proprietor or self-employed and it is just you — you can take advantage of the program.**

How does it work?

The FFCRA covers leave taken between April 1, 2020 and December 30, 2020. There are two types of leave available.

First, **Emergency Paid Sick Leave Act (EPSLA)** provides up to 80 hours of sick leave for employees:

- At their **regular rate of pay** (up to \$511 per day with a cap of \$5,110 for the whole 80 hours) if the employee is quarantined for potential COVID-19 exposure or has COVID-19 symptoms.
- At **two-thirds their regular rate of pay** (up to \$200 per day with a cap of \$2,000) if the employee is caring for someone under quarantine or a child (under 18) whose school is closed due to COVID-19 or the employee is experiencing symptoms of COVID-19 and seeking diagnosis. **A school closure includes remote learning situations where the child is at home.**

Second, **The Emergency Family and Medical Leave Expansion Act (EFMLEA)** provides up to **12 weeks** of expanded family and medical leave with 10 of those weeks paid at **two-thirds the employee's regular rate of pay** (up to \$200 per day with a cap of \$2,000) if the employee is unable to work (including telework) to care for a child whose school or childcare provider is closed due to COVID-19. **A school closure includes remote learning situations where the child is at home.**

NOTE: You can use your EPSLA or your existing leave to cover the first two unpaid weeks of EFMLEA. Also, leave can be taken intermittently. For example, a parent could take off every Thursday and Friday.

How do I get reimbursed?

You get reimbursed through a “refundable tax credit.” That’s a technical way of saying the United States Treasury pays you using money from employment taxes. Think of this term as simply a “reimbursement” for the applicable wages.

Reimbursement is handled differently if the employee taking the leave is a **“W-2 employee” or a sole proprietor/self-employed individual.**

NOTE: A person working with you who is an independent contractor (they receive a 1099 from you) cannot be reimbursed through your company, but can apply directly.

For W-2 Employees:

You can get reimbursement for W-2 employees in two ways.

- First, you can take the money owed off your quarterly employment tax returns (this is typically through an IRS form 941). Any credit above what you are paying in federal employment tax can be requested using the [IRS Form 7200](#).
- Second, you can request payment any time (even more than once in a quarter) using the [IRS Form 7200](#) (even if you didn’t withhold your payroll taxes). The [Form 7200 is easy, and since it can be done as many times as you want, it’s an easier way to ensure a positive cash flow for your business.](#)

For Sole Proprietors & the Self-Employed:

You can get reimbursed by withholding the money equal to the leave (per the limits above) from your quarterly estimated tax payments or by claiming it at the end of the year when you do your annual tax filing.

What else should I know?

Employers may exclude healthcare providers or emergency responders from EPSLA and EFMLEA leave, and businesses with less than 50 employees can qualify for an exemption if the leave would jeopardize the viability of the business.

For more information:

Visit the [US Department of Labor website](#).