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March 25, 2020 Updates for Agricultural Employers

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**NEW : Families First Coronavirus Response Act
(FFCRA) FMLA & Paid Sick Leave Expansion**

FELS[®]
Farm Employers Labor Service

FREE WEBINAR:

Families First Coronavirus Response Act (FFCRA)

FMLA & Paid Sick Leave Expansion

March 27, 2020 at 10 AM

The **Families First Coronavirus Response Act** will impose new federal workplace mandates, including an expansion of the Family & Medical Leave Act (FMLA) and the first-ever federal Paid Sick Leave (PSL) mandate.

New FFCRA leaves, passed to address the Coronavirus pandemic, will be applicable to all employers with **fewer than 500 employees**. FFCRA (H.R. 6201) addresses many other issues, such as providing infusion of funds for states to use for unemployment insurance benefits, welfare benefit increases for the EBT, WIC and SNAP programs, and other issues. **THIS WEBINAR WILL BE LIMITED TO NEW PROVISIONS ON FMLA AND PAID SICK LEAVE (PSL).**

[You can register at this link.](#) Questions? Please email info@fels.net or call 800-753-9073.

U.S. DEPARTMENT OF THE TREASURY, IRS AND THE U.S. DEPARTMENT OF LABOR ANNOUNCE PLAN TO IMPLEMENT CORONAVIRUS-RELATED PAID LEAVE FOR WORKERS AND TAX CREDITS FOR SMALL AND MIDSIZE BUSINESSES TO SWIFTLY RECOVER THE COST OF PROVIDING CORONAVIRUS-RELATED LEAVE

WASHINGTON, DC - The U.S. Treasury Department, Internal Revenue Service and the U.S. Department of Labor announced that small and midsize employers can begin taking advantage of two new refundable payroll tax credits, designed to immediately and fully reimburse them, dollar-for-dollar, for the cost of providing Coronavirus-related leave to their employees. This relief to employees and small and midsize businesses is provided under the Families First Coronavirus Response Act, signed by President Trump on March 18, 2020.

The act will 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. The legislation will 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.

Key Takeaways

- **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 are unavailable.
- **Complete Coverage**
Employers receive 100% reimbursement for paid leave pursuant to the act.
 - Health insurance costs are also included in the credit.
 - Employers face no payroll tax liability.
 - Self-employed individuals receive an equivalent credit.
- **Fast Funds**
Reimbursement will be quick and easy to obtain.
 - An immediate dollar-for-dollar tax offset against payroll taxes will be provided
 - Where a refund is owed, the IRS will send the refund as quickly as possible.
- **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.

Easing Compliance

- Requirements subject to 30-day non-enforcement period for good faith compliance efforts.

To take immediate advantage of the paid leave credits, businesses can retain and access funds that they would otherwise pay to the IRS in payroll taxes. If those amounts are not sufficient to cover the cost of paid leave, employers can seek an expedited advance from the IRS by submitting a streamlined claim form that will be released next week.

Background

The act provided paid sick leave and expanded family and medical leave for COVID-19 related reasons and created the refundable paid sick leave credit and the paid child-care leave credit for 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 Dec. 31, 2020. Equivalent credits are available to self-employed individuals based on similar circumstances.

Paid Leave

The act provides that 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 an individual subject to quarantine, to care for a child whose school is closed or child care provider is unavailable for reasons related to COVID-19, and/or the employee is experiencing substantially similar conditions as specified by the U.S. Department of Health and Human Services 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 ten weeks of expanded paid family and medical leave at 2/3 the employee's pay.

Paid Sick Leave Credit

For an employee who is unable to work because of Coronavirus quarantine or self-quarantine or has Coronavirus symptoms and is seeking a medical diagnosis, 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 an employee who is caring for someone with Coronavirus, or is caring for a child because the child's school or child care facility is closed, or the child care provider is unavailable due to the Coronavirus, eligible employers may claim a credit for two-thirds of the employee's regular rate of pay, up to \$200 per day and \$2,000 in the aggregate, for up to 10 days. Eligible employers are entitled to an additional tax credit determined based on costs to maintain health insurance coverage for the eligible employee during the leave period.

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 is closed or whose child care provider is unavailable due to the Coronavirus, eligible employers may receive a refundable child care leave credit. This credit is equal to two-thirds of the 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. Eligible employers are entitled to an additional tax credit determined based on costs to maintain health insurance coverage for the eligible employee during the leave period.

Prompt Payment for the Cost of Providing Leave

When employers pay their employees, they are required to withhold from their employees' paychecks federal income taxes and the employees' share of Social Security and Medicare taxes. The employers then are required to deposit these federal taxes, along with their share of Social Security and Medicare taxes, with the IRS and file quarterly payroll tax returns (Form 941 series) with the IRS.

Under guidance that will be released next week, eligible employers who pay qualifying sick or child-care leave will be able to retain an amount of the payroll taxes equal to the amount of qualifying sick and child-care leave that they paid, rather than deposit them with the IRS.

The payroll taxes that are available for retention include withheld federal income taxes, the employee share of Social Security and Medicare taxes and the employer share of Social Security and Medicare taxes with respect to all

employees.

If there are not sufficient payroll taxes to cover the cost of qualified sick and child care leave paid, employers will be able to file a request for an accelerated payment from the IRS. The IRS expects to process these requests in two weeks or less. The details of this new, expedited procedure will be announced next week.

Examples

If an eligible employer paid \$5,000 in sick leave and is otherwise required to deposit \$8,000 in payroll taxes, including taxes withheld from all its employees, the employer could use up to \$5,000 of the \$8,000 of taxes it was going to deposit for making qualified leave payments. The employer would only be required under the law to deposit the remaining \$3,000 on its next regular deposit date.

If an eligible employer paid \$10,000 in sick leave and was required to deposit \$8,000 in taxes, the employer could use the entire \$8,000 of taxes in order to make qualified leave payments, and file a request for an accelerated credit for the remaining \$2,000.

Equivalent child-care leave and sick leave credit amounts are available to self-employed individuals under similar circumstances. These credits will be claimed on their income tax return and will reduce estimated tax payments.

Small Business Exemption

Small businesses with fewer than 50 employees will be eligible for an exemption from the leave requirements relating to school closings or child care unavailability where the requirements would jeopardize the ability of the business to continue. The exemption will be available on the basis of simple and clear criteria that make it available in circumstances involving jeopardy to the viability of an employer's business as a going concern. The Department of Labor will provide emergency guidance and rulemaking to clearly articulate this standard.

Non-Enforcement Period

Department of Labor will be issuing a temporary non-enforcement policy that provides a period of time for employers to come into compliance with the act. Under this policy, Department of Labor will 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 to comply with the act. The Department of Labor will instead focus on compliance assistance during the 30-day period.

For More Information

For more information about these credits and other relief, visit Coronavirus Tax Relief on [IRS.gov](https://www.irs.gov). Information regarding the process to receive an advance payment of the credit will be posted next week.

The Farm Employers Labor Service (FELS), a Farm Bureau affiliate, will host an informational webinar about the Family and Medical Leave and Paid Sick Leave elements of the program on Friday from 10 to 11 a.m. [Click here](#) to register.

The Riverside County Farm Bureau office will be closed to the public. We are still available to answer any membership questions. Until further notice, you can contact us via email at president@riversidecfb.com or call us at (951) 684-6732. If you happen to get the answering machine, please leave a message and we will respond as soon as possible.

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