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Client Alert Applies To: Self-Funded, Fully-Funded, Small Group, and Large Group

March 19th, 2020

Families First Coronavirus Response Act

Yesterday the Senate approved the House-passed Families First Coronavirus Response Act (the Act), and President Trump signed it shortly after. The Act provides for free testing for COVID-19 and paid emergency sick leave related to COVID-19. The paid leave provisions of the Act are as follows:

Emergency Paid Sick Leave:

Employers with 500 or fewer employees must provide two weeks of paid sick leave to employees whose absence is due to COVID-19, but in exchange for providing such leave, will be entitled to a refundable payroll tax credit that covers 100% of the cost of wages. If the sick leave is due to the employee's own illness or need to self-isolate, the employee is entitled to 100% of his/her wages up to \$511 per day. If the paid sick leave is to care for a family member or a child out of school, the paid sick leave benefit must replace at least two-thirds of the employee's pay up to a maximum benefit of \$200 a day. The employer payroll tax credit will offset 100% of the employer's cost.

Paid Family Leave:

Employers with 500 employees or fewer must offer up to 12 weeks of paid family leave for employees who have been employed for at least 30 days and require leave to care for minor child at home due to COVID-19. The first 10 days are unpaid, but the employee can utilize the paid leave outlined above. The paid family leave must replace at least two-thirds of the employee's wages up to a maximum of \$200 per day. The employer is again entitled to a payroll tax credit to offset the cost of the paid family leave, along with the employer contribution for health insurance premiums for the employee for the period of leave.

Small employers with fewer than 50 employees can apply for an exemption from the paid sick leave and paid family leave requirements, as can employers in certain industries (such as health care). The Act's requirements also apply to government employers.

Under the Act, self-employed individuals are provided similar credits as refundable income tax credits in the amount the individual would have received if they had been an employee receiving paid leave benefits pursuant to the mandates. For a given day that a self-employed worker could not work, they can claim a tax credit in the amount of their average daily self-employment income for the year.

Congress is expected to take up additional COVID-19 relief legislation in the coming days.

Please visit www.moreton.com/news-events/ for more information and to view other client alerts. This Client Alert was written by Carolyn Cox, Moreton & Company's in-house corporate counsel who provides our clients with compliance services. For additional questions, please contact Carolyn at 801-715-7110 or ccox@moreton.com.

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