

EMPLOYER TAX CREDITS

Payroll Tax Credit: The bill provides a refundable tax credit worth 100 percent of qualified public health emergency leave wages (as provided by Division C) and qualified paid sick leave wages (as provided by Division E) paid by an employer for each calendar quarter through the end of 2020. The tax credit is allowed against the tax imposed under the employer portion of Social Security and Railroad Retirement payroll taxes.

Credit Amount: The bill allows employers to take tax credits for qualified public health emergency leave wages and qualified sick leave wages:

Credit Amount for Public Health Emergency Leave Wages. The amount of qualified public health leave wages taken into account for each employee is capped at \$200 per day and \$10,000 for all calendar quarters.

Credit Amount for Sick Leave Wages. In instances when an employee receives paid sick leave because they are subject to a quarantine or isolation order, have been advised by a health care provider to self-quarantine, or are experiencing coronavirus symptoms and seeking medical diagnosis, the amount of qualified sick leave wages taken into account for each employee is capped at \$511 per day.

In instances when an employee receives paid sick leave because they are caring for another individual or child or because they are experiencing another substantially similar illness (as specified by HHS) the amount of qualified sick leave wages taken into account for each employee is capped at \$200 per day.

In determining the total amount of an employer's qualified sick leave wages paid for a calendar quarter, the total number of days that the employer can take into account with respect to a particular employee for that quarter may not exceed 10 days minus the number of days taken into account for that employee for all previous quarters.

Credit for Health Plan Expenses. Under the bill, the public health emergency leave and paid sick leave credits would be increased to include amounts employers pay for the employee's health plan coverage while they are on leave. Specifically, the bill allows for the credit amounts to be increased by the amount of the employer's group health plan expenses that are "properly allocated" to the qualified emergency leave and sick leave wages. Health plan expenses are "properly allocated" to qualified wages if made on a pro rata basis (among covered employees and periods of coverage).

Refundability of Excess Credit: The amount of the paid sick leave credit that is allowed for any calendar quarter cannot exceed the total employer payroll tax obligations on all wages for all employees. If the amount of the credit that would otherwise be allowed is so limited, the amount of the limitation is refundable to the employer.

Limitation on Tax Credits: Employers may not receive the tax credit if they are also receiving a credit for paid family and medical leave under the 2017 Tax Cuts and Jobs Act (P.L. 115-97). Employers would instead have to include the credit in their gross income.