

LEGAL UPDATE

Stimulus Bill Extends FFCRA Tax Credits but Not Leave Mandate

An appropriations bill passed by Congress on Dec. 21, 2020, and expected to be signed into law by President Donald Trump, **does not extend the leave mandates** created by the Emergency Family and Medical Leave Expansion Act (EFMLA) and the Emergency Paid Sick Leave Act (EPSLA), which expire on Dec. 31, 2020. However, the bill **does extend** the time limit for **employer tax credits** for employee leave required by those laws. As a result, the requirement for employee paid sick leave and expanded family and medical leave will end on Dec. 31, 2020, the original expiration date of the entitlement, but tax credits will apply to EFMLA and EPSLA leave offered by employers through March 31, 2021.

Tax Credits for Paid Leave Under FFCRA

The EFMLA and the EPSLA were passed as part of the Families First Coronavirus Response Act (FFCRA), which also created tax credits for employers to cover certain costs of the employee leave required by the law; specifically: employee wages, health plan expenses allocable to those wages, and the employer's portion of the Medicare tax related to the wages. The new bill does not change the FFCRA's original limits on the number of leave days and amount of wages eligible for tax credits.

FFCRA Paid Leave

The FFCRA requires businesses with fewer than 500 employees to provide employees up to 80 hours of paid sick leave for their own COVID-19-related health needs or to care for others. The act also requires an additional 10 weeks of paid family leave to care for a child whose school or place of care was closed, or child care provider was closed or unavailable, due to COVID-19. The law's paid leave requirements sunset on Dec. 31, 2020.

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Important Dates

March 18, 2020

The Families First Coronavirus Response Act (FFCRA) was passed, containing the Emergency Paid Sick Leave Act and the Emergency Family and Medical Leave Expansion Act.

Dec. 31, 2020

FFCRA's requirements for employee paid sick leave and paid family and medical leave expire.

March 31, 2021

Employer tax credits apply for FFCRA leave taken through this date.

Employers that choose to provide FFCRA paid employee leave through March 31, 2021, are eligible for tax credits to cover leave costs.



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