



Paid Sick and Family Leave Obligations, Tax Credits Provided to Support Those Obligations

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On March 18th, the *Families First Coronavirus Response Act* was signed into law. This is the second law passed in response to the ongoing coronavirus/COVID-19 public health emergency.

The law requires all commercial insurance, Medicare, Medicare Advantage, Medicaid, CHIP, Indian Health service, and TRICARE to cover and impose no cost-sharing for testing and diagnosis of COVID-19. It also puts in place temporary requirements for paid sick leave and expanded paid family leave for those directly impacted by COVID-19. Additionally, the law includes tax credits for employers so that they are able provide the required paid leave.

The requirement to offer paid sick leave impacts small businesses with up to 500 employees. Those with fewer than 50 employees are to be exempted from the requirements triggered by the emergency declaration “when the imposition of such requirements would jeopardize the viability of the business as a going concern.” We are awaiting further details from the Department of Treasury and Department of Labor about that exemption.

Summary of provisions that impact PPS member businesses

Paid Leave:

An impacted employee who has worked at the company for at least a month must be provided sick leave. The first 10 days of sick leave may consist of unpaid leave. The impacted employee can choose whether or not to use accrued paid time off (PTO) of any type (vacation, personal, medical, or sick leave) for that time period. After those first 10 days, the employer shall provide paid leave. Paid sick leave for employees is capped at \$511 per day and the equivalent of 10 days of paid leave. Paid family leave can last up to 12 weeks and is to be an amount not less than 2/3 of the regular rate of pay and the number of hours normally scheduled to work.

There is a specific list of the circumstances under which employees are eligible for paid leave:

- There has been a Federal, state, or local quarantine or isolation order;
- Employee was advised by a medical provider to self-quarantine;
- Employee is exhibiting symptoms of COVID-19 and seeking medical diagnosis;
- Employee is caring for family member who is medically advised to self-quarantine or exhibiting symptoms of COVID-19; or
- Employee is caring for child under 18 who is at home because their school/child-care provider is closed due to a public health emergency.

The Secretary of Labor will develop a model notice describing these paid leave parameters that employers must make publicly available. PPS will share this guidance on the [PPS COVID-19 Response Resources](#) page.

Tax relief:

Businesses with fewer than 500 employees will receive a 100% tax credit for both types of paid leave (personal and taking care of others), up to the previously mentioned capped levels, credited against quarterly payroll taxes. Self-employed individuals can also access tax credits in the amount equal to the qualified sick leave payments they would have received if they were employed by someone else.