On March 18, 2020, Congress passed the Families First Coronavirus Response Act, H.R. 6201 (Act) and President Trump signed it into law later the same day. The Act responds to the COVID-19 outbreak by providing free COVID-19 testing, paid sick leave and family leave, and expanding food assistance and unemployment benefits. Below is a general overview of some of the main provisions.

Employers with fewer than 500 workers and government entities are required by the Act to provide 80 hours of paid sick leave to all covered employees and up to 10 weeks of paid family leave for certain employees affected by COVID-19 who have worked at the company for at least a month. The Act also provides a series of tax credits to employers and self-employed individuals to help cover lost income due to the COVID-19 outbreak.

**Emergency Paid Sick Leave**

The emergency paid sick leave benefit provides the following:

- Employers with fewer than 500 employees must provide employees with 80 hours of paid sick leave to full-time employees
- For part-time employees, paid sick time is based on the number of hours the employee would work, on average, over a two-week period
- Paid sick leave covers an employee for the following:
  - An employee’s child’s day care or school is closed
  - An employee or a family member whom the employee cares for is quarantined due to COVID-19
  - The employee is experiencing symptoms related to COVID-19 and is seeking a medical diagnosis
- These wages are exempt from the employer’s portion of Social Security tax and an additional payroll tax credit is allowed for the Medicare tax amount paid on those wages

**Emergency Family & Medical Leave Expansion**

For emergency paid family and medical leave, which expands FMLA, employees caring for a minor child due to a public health emergency are entitled to two-thirds of their average earnings for up to 10 weeks. The Act covers employers with fewer than 500 employees. The benefit is capped at $200 per day and $10,000 total for a period of qualifying leave. The U.S. Department of Labor has authority to issue regulations to exempt small employers with fewer than 50 employees if complying would threaten to put the employer out of business. Like the emergency paid sick leave benefit, these wages are exempt from the employer’s portion of Social Security tax, and an additional payroll tax credit is allowed for Medicare tax paid on those wages.
Tax Credits

The paid sick time payroll tax credit can be claimed on a quarterly basis, equal to 100 percent of the amount of sick leave wages paid. The amount of credit per employee is limited to $511 per day if an employee is taking time off to care for themselves or $200 per day if the sick leave is to care for an individual who’s quarantined or a minor child whose day care or school is closed. The credit is limited to 10 days per employee per quarter.

For employers who pay family leave wages under the Act, a separate payroll tax provision allows a 100 percent credit against the employer’s share of the payroll tax for each employee up to $200 per employee per day, and a $10,000 aggregate.

To prevent a double benefit, employers must increase their gross income for the taxable year by the amount of payroll credit received.

There are also credits applicable for sick and family leave for self-employed individuals.

Other Benefits Provided Under the Act

The Act also provides for free COVID-19 testing, aid to programs assisting the elderly, access to meals for school-aged children, extended unemployment insurance and other measures.

Michael J. Cremonese, Esquire
John B. Cromer, Esquire
Burke Cromer Cremonese, LLC
517 Court Place
Pittsburgh, PA 15219
412-904-3360
mcremonese@bccattorneys.com
jcromer@bccattorneys.com

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