



Small Business

for _____

Paid Family & Medical Leave

Emergency Paid Sick Time & Child Care Leave

REIMBURSEMENT FACT SHEET FOR SMALL BUSINESS

- I. USING THE REFUNDABLE TAX CREDIT
 - II. NOTICE TO EMPLOYEES
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I. REFUNDABLE TAX CREDIT

Employers who provide emergency paid sick and/or child care leave are eligible to receive 100% reimbursement for wages paid pursuant to the CARES Act. Eligible employers can apply for a refundable tax credit for:

- Paid leave for employees
- Health insurance costs are also included in the credit.
- Employers face no payroll tax liability.
- Self-employed individuals receive an equivalent credit.

Employers can access the credit several ways:

A. QUARTERLY:

- Eligible Employers will claim the credits on their federal employment tax returns (e.g., Form 941, Employer's Quarterly Federal Tax Return), but they can benefit more quickly from the credits by reducing their federal employment tax deposits.

B. RETAIN PAYROLL TAX DEPOSITS

- Eligible employers who pay qualifying sick or child care leave will be able to retain an amount of the payroll taxes equal to the amount of qualifying sick and child care leave that they paid, rather than deposit them with the IRS.
- The payroll taxes that are available for retention include withheld federal income taxes, the employee share of Social Security and Medicare taxes, and the employer share of Social Security and Medicare taxes with respect to all employees.

Example: An Eligible Employer paid \$5,000 in qualified sick leave wages and qualified family leave wages (and allocable health plan expenses and the Eligible Employer's share of Medicare tax on the qualified leave wages) and is otherwise required to deposit \$8,000 in federal employment taxes, including taxes withheld from all of its employees, for wage payments made during the same quarter as the \$5,000 in qualified leave wages. The Eligible Employer may keep up to \$5,000 of the \$8,000 of taxes the Eligible Employer was going to deposit, and it will not owe a penalty for keeping the \$5,000. The Eligible Employer is then only required to deposit the remaining \$3,000 on its required deposit date. The Eligible Employer will later account for the \$5,000 it retained when it files Form 941, Employer's Quarterly Federal Tax Return, for the quarter.

<p>\$8000 typically due in Quarterly Federal Employment Taxes</p>	<p>-</p>	<p>\$5000 spent by employer on PSD and Family Leave Wages (along with allocable health and medicare taxes Account for \$5000 on Form 941 on that quarter's Employer's Quarterly Federal Tax Return</p>	<p>=</p>	<p>\$3000 required amount for deposit by deposit date</p>
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C. ADVANCE PAYMENT OF CREDITS

- If there are insufficient federal employment taxes to cover the amount of the credits, an Eligible Employer may request an advance payment of the credits from the IRS by submitting [IRS Form 7200](#),
- Advance tax credits are NOT available to the self-employed
- The IRS expects to begin processing these requests for eligible employers during April 2020.
- You can file 7200 forms several times each quarter.

Example: An Eligible Employer paid \$10,000 in qualified leave wages (and allocable qualified health plan expenses and the Eligible Employer’s share of Medicare tax on the qualified leave wages) and is otherwise required to deposit \$8,000 in federal employment taxes, including taxes withheld from all of its employees, on wage payments made during the same quarter. The Eligible Employer can keep the entire \$8,000 of taxes that the Eligible Employer was otherwise required to deposit without penalties as a portion of the credits it is otherwise entitled to claim on the Form 941. The Eligible Employer may file a request for an advance credit for the remaining \$2,000 by completing Form 7200.

<p>\$10,000 spent by employer on PSD and Family Leave Wages (along with allocable health and medicare taxes)</p>	<p>-</p>	<p>\$8,000 required in Quarterly Federal Employment Taxes</p> <p>These can be kept in their entirety because they will be accounted for as a part of the \$10,000 on Form 941 on that quarter’s Employer’s Quarterly Federal Tax Return</p>	<p>=</p>	<p>\$2000 to be requested by Eligible Employer for an advance credit by completing FORM 7200</p>
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- You can file the form for an advance payment of the credits anticipated for a quarter at any time before the end of the month following the quarter in which you paid the qualified wages.
- Eligible employers cannot file the form to request an advance payment for any anticipated credit for which you already reduced your deposits.
- *Note:* IRS has designed Form 7200 to be used to request Emergency Paid sick days and child care reimbursements. The same form is also used to request [Employee Retention Tax Credits](#) which may make using the form a little confusing.
- For more detailed instructions see the [IRS Form 7200 Instructions: Advance Payment of Employer Credits Due to COVID-19](#) and the [IRS website FAQ](#).
- Please also be sure to research all your options about available grant and loan options as some are compatible, and others make businesses ineligible for other programs. MSA has a simple guide [here](#) and we recommend also looking directly at [Small Business Admin COVID Relief Options](#).

II. Notices

- [Employee Rights: Paid Sick Leave and Expanded Family and Medical Leave under The Families First Coronavirus Response Act \(FFCRA\)](#)
 - [Spanish](#) [Korean](#)
- [Families First Coronavirus Response Act Notice – Frequently Asked Questions](#)

III. Additional Resources

- [Fact Sheet for Employers - Dept of Labor](#) - overview of the program
- [Q&A - Dept of Labor](#) - Detailed information for employers and employees to the
- [IRS site with information](#)
- [Dept of Labor Site with links](#) to sample posters, and other information
- [Rules updated via CAREsAc](#)
- [IRS Form 7200 instructions](#)