

IRS Guidance Released - April 1, 2020

IRS FAQs: FFCRA Tax Credits for Small and Midsize Businesses

April 1, 2020

The Internal Revenue Service (IRS) has issued answers to frequently asked questions (FAQs) about how the Families First Coronavirus Response Act (the FFCRA) tax credits apply to small and midsize businesses. The FFCRA, was signed by President Trump on March 18, 2020, provides small and midsize employers refundable tax credits that reimburse them, dollar-for-dollar, for the cost of providing paid sick and family leave wages and health insurance coverage to their employees for leaves related to COVID-19.

The FFCRA gives businesses with fewer than 500 employees (referred to throughout these FAQs as "Eligible Employers") funds to provide employees with paid sick and family and medical leave for reasons related to COVID-19, either for the employee's own health needs or to care for family members. Workers may receive up to 80 hours of paid sick leave for their own health needs or to care for others and up to an additional ten weeks of paid family leave to care for a child whose school or place of care is closed, or childcare provider is closed or unavailable due to COVID-19 precautions. The FFCRA also covers the cost of health insurance coverage during these COVID-19 related leaves.

For a more detailed overview of the law, see the IRS summary "COVID-19-Related Tax Credits for Small and Midsize Businesses", and also see the "[Basic FAQs](#)," section that follows. The FAQs will be updated to address changes in the law or additional questions as they are raised.

Employers should become familiar with this guidance and use IRS instructions to determine if you are eligibility for the tax credits approved by the FFCRA.

Additional IRS Guidance on COVID-19 Related Tax Impacts provided in the links below...

- [Filing and Payment Deadline Extended to July 15, 2020 - Updated Statement](#)
- [FAQs: Employee Retention Credit under the CARES Act](#)
- [Filing and Payment Deadlines Questions and Answers](#)