

Tax Updates for the COVID-19 Pandemic

Updated 03-23-2020

PAYROLL SICK AND FAMILY LEAVE

Families First Coronavirus Response Act

IRS-Mandated Sick and Family Leave

- The IRS has announced payroll tax credits for small and midsize business with less than 500 employees
- These tax credits will be used to fund sick leave and family leave for employees affected by COVID-19.

Who is Covered?

Any employee who has worked for your business for at least **30 days** before the impact of the novel coronavirus is eligible for sick leave and family leave.

Types of Leave Covered

3 types of leave

SICK LEAVE

Sick or quarantined employees

80 hours for full-time employees

Full wages; up to \$5110

Part-time wages for 2 weeks

CHILDCARE LEAVE

Children home from school and daycare

Additional 10 weeks

Two-thirds of pay; up to \$200/day

OTHER FAMILY LEAVE

For taking care of sick or quarantined family members

10 days of family leave pay

Two-thirds of pay; up to \$200/day

How to Fund COVID-19 Sick and Family Leave

- Tax credit for all Employer Social Security Taxes you're liable for in a quarter

Important: Tax credit so far is equal to only 6.2% of employee wages.

- You can apply for a fast refund of the Employer Social Security taxes you've already paid this quarter to fund sick leave
- Procedures being put into place
- Amendments?

What About Self-Employed Individuals?

- Self-employed individuals are also covered by this Act.
- You will be eligible for tax credits for sick leave and family leave.

What Employers Need to Do

- Keeping detailed documentation about employee leaves due to COVID-19.
- 30-day non-enforcement period.

Important: If we provide you payroll services, please send us any leave pay information, and we will work with the IRS to make sure you receive the tax credit available to you.

The bottom line is, if you have less than 500 employees, the IRS requires you to start paying your employees sick leave and family leave pay due to COVID-19, if they request it.

Exemption

- **Small businesses with fewer than 50 employees** will be eligible for an exemption from the childcare leave pay, where the requirements would jeopardize the business' ability to function.
- The regulations and processes related to this Act will be made clearer through various government departments in the upcoming weeks. We'll keep you posted on any important developments.

Loan Assistance and Disaster Relief

- Businesses affected by the COVID-19 pandemic can apply for loans and disaster relief to help them get through this time.
- The [Small Business Emergency Bridge Loan](#) through the Florida DEO can provide an eligible Florida business up to \$50,000, interest-free for the first year, to help it weather the pandemic.
- On the federal level, you can apply for disaster loan assistance from the US Small Business Administration at <https://disasterloan.sba.gov/ela/>.

Florida Sales Tax

- As of right now, there is **no** relief in place for sales tax.
- We are in close contact with the Florida Department of Revenue.

CONTACT US

Email your dedicated Account Representative, or
email our firm at sk@skfinancial.com