Families First Coronavirus Response Act (CRV Act)

- CRV Act is effective April 2, 2020 and runs through December 31, 2020
- Employer credit - sick leave (Employer FICA limit)
- Employer credit-family medical leave act (Employer FICA limit)
- Wages exempt from FICA but not Medicare
  - Employer and Employee Medicare qualifies for credit
- Small businesses have new refundable credit
- Either apply against 941 deposit by not depositing, or apply for reimbursement on form released this week
- Addresses employee concerns of getting paid for weeks

Summary

- Full time employee due to their illness/quarantine qualify for:
  - 80 hours Federal paid sick leave @ full rate for most
- Full time employee providing care qualifies for:
  - 12 weeks family medical leave act leave of which 10 are paid at 2/3 of pay up to $200 daily
- Wages paid under either sick pay or family medical leave act are exempt from FICA (but not Medicare)
- Employer gets 100% tax credit for wages, employer paid health insurance, federal withholding and Medicare against employer share of FICA & Medicare
- Overview for businesses-
  - Small businesses have new refundable credit
  - Either apply against 941 deposit by not depositing, or
  - Apply for reimbursement on form released by US Treasury
- Addresses employee concerns of getting paid for weeks
Example of employer credit

Employer total gross wages for period $10,000
Employer share of FICA/Medicare for the period $ 765
Employee Sam is paid qualifying sick leave (net) $1,000.00
Employer paid excludible health insurance $ 100.00
Sam federal withholding $ 166.00
Sam & Employer share Medicare @ 2.9% $ 34.00
Total amount qualifying for credit $1,300.00

- Credit will first be applied against this pay period’s employer’s share of FICA/Medicare of $765, leaving $535 of excess credit for which the employer fills out Form 7200 and the employer should receive the credit within 2 weeks or less
- Credit is taxable to employer

Emergency Paid Sick Leave

Employee is Sick/Quarantined

Employee is Caregiver

- **MANDATORY** for employers with less than 500 employees
- Applies for sick leave taken because of:
  1. Employee is under Federal/State or local quarantine or isolation because of COVID-19, or
  2. Health care provider advises self-quarantine from COVID-19
      - Self imposed quarantine without medical advice does not qualify
  3. Employee has COVID-19 symptoms and is seeking diagnosis, or
  4. Caring for **ANY** individual under quarantine, isolation or medical advice to self-isolate, or
  5. Caring for child whose school or place of care closed due to COVID-19, or
  6. Any other substantially similar condition
Benefit required:

- Full timers receive 80 hours of paid sick leave
- Part timers receive equivalent average hours worked in 2 weeks

Pay rates:

- #1-3 (Employee Own Sick Leave) @ regular rate not to exceed $511 daily or $5,110 total
- #4-6 (Caregiver=FMLA) @ 2/3 regular rate not to exceed $200 daily or $10,000 total
- Employer gets reimbursed all wages, taxes & health insurance by 100% payroll tax credit against employer FICA + Medicare

Paid sick leave does not carry to 2021

Applies to paid sick time days beginning April 2nd

Employer may require employee to use other sick leave first

Employer required to post notice! Available 3/25/20

FMLA expansion when Kid’s school or daycare closed

Employee must be employed for at least 30 days and unable to work because child under 18’s school or daycare closed because of COVID-19

Although FMLA does not apply if less than 50 employees this new law expands it to cover all with less than 500 employees

Qualifies for up to 12 weeks of leave

First 2 weeks may be unpaid

- Remaining 10 weeks @ 2/3 regular rate
- Limited to $200 daily max or $10,000 total for 10 weeks

Employer gets reimbursed all wages, taxes, and exempt health insurance by 100% payroll tax credit against employer FICA
**Self Employed**

Self employed can take credit against SE tax and income tax based on equivalent sick leave amount:

Equivalent sick leave amount for self employed - # Days unable to work \times \text{Lesser of } \$200 \text{ if care time or } \$511 \text{ if sick time} \text{ OR } 67\% \text{ of average daily SE income}

- Average daily SE income = \frac{\text{SE income}}{260}
- This is a refundable (but taxable) credit

**Employer Penalties**

Employers: Keep excellent records

Document time spent absent for:

- Virus testing-dates, times
- Medical care for employee-dates, times
- School closings-specific schools
- Care for children-who, what school, how many days
- Care for others-who and how many days
- Employer may not discharge, discipline, or discriminate any employee who takes leave
- Violations will be deemed to have failed to pay the minimum wage under the Fair Labor Act of 1938
- Subject to back wages, liquidated damages, and potential fines of up to \$10,000
- Must post notice to employees-see Newberry & Associates example
- If 25 or more employees, employer must restore returning employee to same or equivalent position
  - Unless non-existent