

Administration Implementation of H.R. 6201 – The Families First Coronavirus Response Act

- *Small businesses will not be exempted from all paid sick and family leave requirements.*
- *Internal Revenue Service (IRS) expects to be able to provide refunds covering the costs of paid sick and family leave to eligible employers within two weeks of a claim.*
- *COVID-19 diagnostic testing will be provided to consumers at no cost.*
- *Provides supplemental appropriations to the Department of Agriculture (USDA) for food assistance programs.*

Last Wednesday, March 18, President Trump signed H.R. 6201, The Families First Coronavirus Response Act which requires employers with fewer than 500 employees to provide two weeks of paid sick leave at full pay (up to \$510 per day) for employees who may have contracted COVID-19, two weeks of paid sick leave at 2/3 pay (up to \$200 per day) to care for an individual under quarantine or a child whose school or place of care is closed, and up to ten weeks paid family leave at 2/3 pay (up to \$200 per day) to care for a child whose school or place of care is closed. The costs of providing this leave, including health plan premiums during the leave, can be claimed as fully refundable payroll tax credits. **Self-employed individuals may receive tax credits equivalent to those working for an employer.**

Notable portions of the announcement are outlined below:

Small Business Exemption — Employers with fewer than 50 employees may be eligible for an exemption from the requirement to provide leave to care for a child whose school is closed, or childcare is unavailable in cases where the viability of the business is threatened. Department of Labor will issue emergency guidance and rulemaking relating to establish the standard.

Fast Access to Reimbursement — Treasury announced guidance to be released this week that employees may retain required payroll tax withholdings equal to the costs of providing paid sick and family leave to their employees. 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. If an employer is due a refund from the IRS, employers will be able to request accelerated payment from the IRS. IRS says that it expects to process these requests in two weeks or less, and it will announce details in guidance next week.

Grace Period — Department of Labor will not bring enforcement actions against employers for violations of the new paid sick and family leave provisions for 30 days. During that period, Department of Labor says it will focus on compliance assistance rather than enforcement.