

What You Need to Know About the Families First Coronavirus Act

March 20, 2020

The Families First Coronavirus Response Act was signed into law on March 18th. The Act requires most private employers with fewer than 500 employees to provide paid sick and family leave to employees affected by the coronavirus. It also provides certain tax relief to assist businesses in providing these additional benefits. The Act is currently scheduled to take effect April 2, 2020.

The Act is complex and includes many requirements and exceptions. You should review the details carefully and consult with your attorney regarding how the Act affects your business and employees. We have summarized some of the key provisions related to employees and tax benefits below.

Generally, you will be required to provide 80 hours of sick leave to your employees at their regular pay rate if they are either quarantined or seeking a COVID-19 diagnosis.

You will also be required to provide up to 80 hours of paid sick leave at no less than two-thirds of their regular pay rate if they are caring for a family member with a COVID-19 diagnosis, or caring for a child whose school or daycare has closed as a result of coronavirus concerns.

Part-time employees will be entitled to be paid for the number of hours they normally work in a two-week period. There are caps on the daily and aggregate amounts required to be paid.

The expansion of the Family and Medical Leave Act will provide certain employees with emergency paid leave to care for children whose schools or daycare facilities were closed or whose childcare providers are unavailable due to COVID-19.

Tax Relief

The Act provides a credit against the employer's portion of Social Security and

Medicare Tax equal up to 100% of qualified sick leave wages under the Act. The credit has numerous daily and aggregate limits based on whether the impacted employee is utilizing sick leave or family leave. There are also provisions for tax credits for self-employed taxpayers.

Additionally, any wages paid under the expanded sick or family leave provisions are not subject to Social Security or Medicare tax.

The Act is complex and introduces several new vehicles for extending benefits for employees and for related tax relief. Various changes to payroll reporting and Human Resources infrastructure will be required to implement these changes. We suggest you work closely with your legal advisors, payroll administrator and tax advisors to prepare for these changes.

Anchin is working to provide updates and guidance to support you with Covid-19 challenges. Please contact your Anchin Relationship Partner for more information or contact us at 212-840-3456.

Disclaimer: Please note this is based on the information that is currently available and is subject to change.