

Blog Post

UPDATE: Payroll Tax Credits for Paid Leave Under the FFCRA Extended Through March 31, 2021

January 5, 2021

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The pandemic relief package enacted by Congress in late December briefly extended the available payroll tax credits for leave provided under the Families First Coronavirus Response Act (FFCRA) through March 31, 2021. The relief package did not extend the requirement to provide paid leave, so after December 31, 2020, employers are not mandated to provide paid sick or family leave under the FFCRA. However, eligible employers that elect to provide leave may claim a payroll tax credit for leave wages paid through March 31. Eligible employers are businesses and nonprofits with fewer than 500 employees.

The same rules generally apply. The leave must be for a specific COVID-related reason and each employee is still subject to the same maximum amounts of leave wages, which vary depending on the reason for the leave. And the employer is still subject to the same maximum available tax credits: the eligible leave wages, plus Medicare tax on the leave wages, plus any associated employer-paid health plan expenses. So, for example, if an employer already provided \$2,000 in paid family and medical leave to an employee in 2020, the employer could provide up to \$8,000 in additional family and medical leave to the employee prior to March 31, 2021 (assuming the employee met one of the

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permissible COVID-related reasons for the leave) and claim the associated tax credit for that leave. Tax credits are not available for leave provided in excess of the applicable maximum amounts. For more details on the available tax credits and how to claim them, see our earlier [post here](#).

Finally, we note that several states have enacted mandatory paid leave laws. For eligible employers with employees in those states, continuing to provide leave under the FFCRA may assist in offsetting some of the costs of state-mandated leave wages that those employers would be required to pay anyway.

If you have questions about voluntarily providing leave or how to claim available tax credits under the FFCRA, please contact your Akerman attorney.

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