

Blog Post

Employers Should Confirm that 2020 FFCRA Wages Were Properly Reported

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Employers were required to distribute and file Forms W-2 by February 1. To the extent they have not already done so, employers should confirm that any leave wages paid in 2020 pursuant to the Families First Coronavirus Response Act (FFCRA) were properly reported on Forms W-2.

The Internal Revenue Service provided guidance concerning reporting of FFCRA leave wages in Notice 2020-54.

Qualified Sick Leave Wages

Qualified sick leave wages are included in the amount of wages paid to an employee reported in Box 1, Box 3 (up to the amount of the social security wage base), and Box 5 of Form W-2.

In addition, an employer reports the amount of qualified sick leave wages either in Box 14 or on a separate statement that accompanies the Form W-2. Whether reported in Box 14 or on a separate statement, the amount of qualified sick leave wages should be broken out and labeled as follows:

- “Sick leave wages subject to the \$511 per day limit”; and
- “Sick leave wages subject to the \$200 per day limit.”

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Qualified Family Leave Wages

Qualified family leave wages are included in the amount of wages paid to an employee reported in Box 1, Box 3 (up to the amount of the social security wage base), and Box 5 of Form W-2.

In addition, an employer reports the amount of qualified family leave wages either in Box 14 or on a separate statement that accompanies the Form W-2. Whether reported in Box 14 or on a separate statement, the amount of qualified family leave wages should be labeled as “emergency family leave wages.”

Model Language

Notice 2020-54 also proposes model language an employer may include as part of the Form W-2 instructions for the employee:

Included in Box 14, if applicable, are amounts paid to you as qualified sick leave wages or qualified family leave wages under FFCRA. Specifically, up to three types of paid qualified sick leave wages or qualified family leave wages are reported in Box 14:

- Sick leave wages subject to the \$511 per day limit because of care you required;
- Sick leave wages subject to the \$200 per day limit because of care you provided to another; and
- Emergency family leave wages.

If you have self-employment income in addition to wages paid by your employer, and you intend to claim any qualified sick leave or qualified family leave equivalent credits, you must report the qualified sick leave or qualified family leave wages on Form 7202, *Credits for Sick Leave and Family Leave for Certain Self-Employed Individuals*, included with your income tax return and reduce (but not below zero) any qualified sick leave or qualified family leave equivalent credits by the amount of these qualified leave wages. If you have

self-employment income, you should refer to the instructions for your individual income tax return for more information.

Correcting Forms W-2

If an employer determines that FFCRA wages were not properly reported, the employer may correct its reporting on Form W-2C (Corrected Wage and Tax Statement) and Form W-3C (Transmittal of Corrected Wage and Tax Statement). A corrected Form W-2C must also be provided to the affected employee. A Form W-2C should be filed and distributed as soon as possible after an employer becomes aware of an error. Penalties may apply for the failure to timely file a correct Form W-2 and the amount of the potential penalty is based on when an employer files the correct Form W-2.

If you have questions about how to properly confirm that any leave wages paid in 2020 pursuant to FFCRA were properly reported on Forms W-2, please contact your Akerman attorney.

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