

FIGHT COVID-19

OFFER PAID LEAVE



Keep employees safe by offering paid leave

Thanks to the American Rescue Plan, immediate tax credits are available through most of 2021 to businesses that offer their employees paid sick and family leave. You could see these credits in your bottom line as soon as your next quarterly filing.

These credits make it easy to keep your employees safe and healthy. And, they are good for more than just your business: Offering paid sick and family leave helps fight the virus by helping employees get vaccinated and encouraging sick employees to stay home.

Get paid back for paid leave

If you:

- Are a business with under 500 employees;
- Offer paid sick or family leave to your employees through September 30, 2021; and
- Have employees who take paid leave due to COVID including for illness, quarantine, getting tested or vaccinated, or caregiving.

Your business may be eligible for tax credits of more than \$17,000 per employee who takes sick or family leave from April 1 through September 30, 2021.

For the 2nd and 3rd quarters of 2021, businesses may take tax credits for wages up to 80 hours of paid sick leave in an amount equal to either:

- (1) the employee's regular wage, capped at \$511/day, up to a total of \$5,110 if the employee was sick or quarantining, awaiting the results of a COVID test, obtaining or recovering from a vaccine; or
- (2) two-thirds of the employee's regular wage, capped at \$200/day, up to a total of \$2,000, if the employee was taking time to care for someone quarantining or to provide care due to COVID-19 school or child care provider closures.



Find out more about the Biden-Harris Administration's recovery programs at [TREASURY.GOV/CORONAVIRUS](https://www.treasury.gov/coronavirus)

Please note that this is a simplified description of the paid leave credit rules. Business owners should consult with their tax advisors regarding the specifics of their situation.

Paid Leave Credit

Paid Leave for 2021

Employers may receive tax credits for up to twelve weeks of paid family leave provided to employees who are unable to work for any of the reasons listed. Those credits are equal to two-thirds of an employee's regular wages, capped at \$200/day up to a total of \$12,000.

Businesses that pay employees for qualifying leave can take the tax credit against their share of certain payroll taxes. If the amount of the credit exceeds a business's portion of its payroll taxes, then the excess is refunded – paid – directly back to the business.

Businesses can file quarterly for this credit through September 30, 2021.

Past paid leave credits

Your business may also be eligible for additional credits for those who took sick leave earlier in the public health crisis.

Beginning April 1, 2020, any businesses with fewer than 500 employees were entitled to a tax credit equal to 100% of emergency paid leave they provided for qualifying reasons related to COVID-19.