H.R. 6201, Families First Coronavirus Response Act

The bill ensures that no business has a liability larger than the credit it receives and provides the Secretary with the ability to advance resources to small businesses.

Additionally, to provide significant relief to small businesses concerned about cash flow, the Treasury Department will use its regulatory authority to advance funds to employers in a number of ways. Employers will be able to use cash deposited with the IRS to pay sick leave wages. Additionally, for businesses that would not have sufficient taxes to draw from, Treasury will use its regulatory authority to make advances to small businesses to cover such costs.

(Courtesy of the House Ways and Means Committee)

Tax Provisions [Division G – Tax Credits for Paid Sick and Paid Family and Medical Leave]

• This division would provide 100 percent refundable tax credits to employers with regard to two categories of paid sick and family leave (described below) that employers must grant to employees under the bill to address employment interruptions related to COVID-19.

• The tax credits would be administered by the IRS and be creditable against employer-side payroll tax liability, with any excess refunded to the employer.

• Refundable tax credits similar in scope and amount would be available to self-employed workers facing the same employment interruptions.

• Payments to employees would be taxable income to the employees and subject to employee-side payroll taxes, but not subject to the employer portion of payroll taxes.

• The provision sunsets on December 31, 2020.

• The bill would provide that Treasury generally make payments to possessions for the costs of these credits.

Payroll Credit for “Qualified Sick Leave Wages” [Division E – Emergency Paid Sick Leave Act]

• Under the bill, certain employers would be required to provide 80 hours (or 2 weeks) of fully paid leave to full-time employees (pro-rata rules would apply to part-time employees) on top of any other existing paid leave program of the employer to cover employees not working for the following reasons:

  (1) the employee is subject to a Federal, State, or local quarantine or isolation order related to coronavirus;

  (2) the employee has been advised by health care provider to self-quarantine due to coronavirus;
(3) the employee is experiencing symptoms of coronavirus;
(4) the employee is caring for an individual who is subject to an order described in (1) or has been advised as described in (2);
(5) the employee is caring for their child because the school is closed or child care provider is unavailable due to coronavirus; or
(6) the employee is experiencing a similar condition specified by Secretary of HHS.

• Employers would be required to pay employees their full wages, not to exceed $511 per day and $5,110 in the aggregate, for a use described in (1), (2), or (3) above.

• Employers would be required to pay employees two-thirds of their wages, not to exceed $200 per day and $2,000 in the aggregate, for a use described in (4), (5), or (6) above.

• Employers would receive a 100 percent refundable payroll tax credit on the wages required to be paid.

• The requirement to provide the paid leave would apply to all public sector employers and those private sector employers with less than 500 employees. The tax credit eligibility would only apply to those private sector employers with less than 500 employees.

• Secretary of Labor has authority to issue regulations to exempt small businesses with fewer than 50 employees if the above requirements would jeopardize the going concern of the business.