

# Payroll Tax Credits Reimburse Employers Who Extend Family Pay & Sick Pay to Employees Who Can't Work Due to Coronavirus Issues

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New refundable payroll tax credits are available to promptly reimburse small and midsize employers who continue to pay employees who cannot work because they are under quarantine, have coronavirus symptoms, are caring for children who cannot attend school, or are caring for someone with coronavirus symptoms. Generally, employers with fewer than 500 employees will be able to retain (rather than remit to the IRS) an amount of payroll taxes equal to the amount of qualifying leave payments it makes to employees. For example, if an employer paid \$5,000 in qualifying leave and otherwise would be required to remit \$8,000 of payroll taxes, under these new rules, the employer would be required to remit only \$3,000 of payroll taxes and could use the remaining \$5,000 towards making the qualifying leave payments. If an eligible employer paid \$10,000 in qualifying leave and was required to deposit \$8,000 in taxes, the employer could use the entire \$8,000 of taxes in order to make qualified leave payments and file a request for an accelerated credit for the remaining \$2,000. Additional guidance is forthcoming.

Additionally, payments from employers (with fewer than 500 employees) to reimburse employees for personal, family and living expenses incurred as a result of the COVID-19 pandemic may qualify for preferential tax treatment as "Qualified Disaster Payments." Specifically, if certain requirements are met, the payments would not result in taxable income for the employee but would still be deductible for the employer. Employers that desire to assist employees with additional expenses should ensure they qualify for the preferential tax treatment.

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