

# Sick Leave for COVID

## What Small Business Employers Need to Know

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Businesses and employees are trying to understand the implications of the new stimulus bills passed to help both companies and people thrive. One set of benefits you might not know about yet is the sick and Family and Medical Leave Act (FMLA) coverage that is included in the Families First Coronavirus Response Act.

This law provides paid sick leave and paid FMLA to employees impacted by COVID-19, and employer tax credits to cover the costs of the paid leave.

## What do employers need to know?

### STEP 1: DETERMINE IF THE LAW APPLIES TO YOU

- >> If you have 500 employees or fewer, you can get support from the government to offset the costs of sick leave of your employees.
- >> If you have 50 employees or fewer, you may be exempt from excusing employees from work for child care, if doing so would put your business at financial risk.

### STEP 2: HELP YOUR EMPLOYEES UNDERSTAND WHAT LEAVE IS AVAILABLE FOR THEM

Go [here](#) for information you need to post for your employees. You can visit our COVID-19 Action Center and give them an employee-friendly version of our sick leave guidance.

- >> **Your employee was told to quarantine for two weeks and doesn't have paid leave.** If an employee is sick with symptoms of COVID-19 and is trying to get medical attention, or if your employee has been advised by a doctor or the government to self-quarantine for two weeks, the employee is eligible for 2 weeks/80 hours of full pay. This benefit maxes out at \$511/day or \$5110 total.
- >> **Your employee is caring for people and needs paid time off to care for them, but doesn't have paid leave.** Your employee may need to take care of others who have been told to quarantine themselves for two weeks, or may have children at home because they don't have school or child care because of COVID-19. If this is your employee's situation, the employee is eligible for 2 weeks/80 hours of 66.7% pay. This benefit maxes out at \$200/day or \$2000 total.

- >> **Your employee has worked for your business for 30 days. The employee has two weeks of paid leave available, but needs more time to recover from COVID-19, or to care for others impacted by illness or school closings.**

Through this new law, employees can access 12 weeks of leave. The first two weeks are unpaid by FMLA (employees use their sick leave for this period), and then the next ten weeks of paid leave is paid at 66.7%, to a maximum of \$200/day or \$10,000 total. To get paid FMLA, the employee needs to have worked for your business for 30 days.

- >> **Your employee doesn't have any paid leave and needs to be out of work for health reasons or giving care to others, including school closings.** You are able to pair the sick and FMLA leave in the way that fits your situation. To get paid FMLA, you need to have worked for your employer for 30 days.

**An example of pairing up the benefits:**

Alex has COVID-19 and has been told to self-quarantine. She has worked for her employer, a small manufacturing company, for 2 months, makes \$50,000, and does not have paid sick leave yet.

She can access two weeks of paid sick leave at 100% of her salary. She gets her typical pay, \$962 a week before tax, for two weeks.

She recovers, but has children home from school, and is unable to go to her job, which doesn't have a telework option. She can access FMLA to help cover her time out of work caring for her children. She gets 66.7% of her regular salary, \$641 before tax, for 10 more weeks.

### **STEP 3: CLAIM YOUR BENEFITS TO COVER EMPLOYEES THROUGHOUT 2020**

Employers can take the amount paid in sick leave benefits as a tax credit against social security taxes, reducing your tax by the amount paid out in benefits. Right now, this law only applies to leave in 2020 related to COVID-19.

- >> Credits can be computed quarterly.
- >> Credits are first deducted from social security taxes your business paid in the relevant quarter or pay period.
- >> If your credit is more than the social security taxes your business owes, it will be treated as a credit, just as if your business had overpaid social security taxes.
- >> To calculate the amount of the tax credit, you add up the total amount of wages that have been paid to all employees under the sick leave and FMLA benefits during the relevant quarter or pay period. That amount is the credit against the taxes your business paid.

## **OPTIONAL STEP 4: IF YOUR BUSINESS CAN'T AFFORD TO PAY OUT THE BENEFIT GETTING A CREDIT, THERE IS GOING TO BE RELIEF FOR CERTAIN EMPLOYERS**

The Department of the Treasury is still working on criteria for who gets access, and what the process will be. We will update this information when the guidelines are shared.

For more information on COVID-19 sick leave, see our Sick Leave for COVID Frequently Asked Questions in our [COVID-19 Action Center](#). We will update this hub as more information and guidance becomes available.