

Summary of COVID-19 Employer Tax Incentives

	<u>Employee retention credit</u>	<u>Deferral of employer payroll taxes</u>	<u>Paid sick leave credit</u>	<u>Paid family leave credit</u>
Employee threshold	None (but modified calculation above 100)	None	<500	<500
Employee counting and employer aggregation rules*	Affordable Care Act rules and Internal Revenue Code sections 52 and 414	None	Fair Labor Standards Act and Family Medical Leave Act (see Dept. of Labor FAQ)	Fair Labor Standards Act and Family Medical Leave Act (see Dept. of Labor FAQ)
Required impact from COVID-19	Operations must be fully or partially suspended or result in a substantial reduction in gross receipts	None	Employee must not be working for one of 6 COVID-19 related reasons	Employee must be on leave to take care of child whose school or care provider is closed
Method of obtaining cash benefits	Retain all payroll taxes and withholdings up to credit amount; optional periodic advance payment of excess; quarterly cash refund for remainder	Retain eligible employer social security taxes	Retain all payroll taxes and withholdings up to credit amount; optional periodic advance payment of excess; quarterly cash refund for remainder	Retain all payroll taxes and withholdings up to credit amount; optional periodic advance payment of excess; quarterly cash refund for remainder
Credit calculation	50% of up to \$10,000 of qualified wages per employee	6.2% of all wages subject to social security tax	Up to \$200 or \$511 per day per employee, depending on the reason for the absence; maximum of 10 days; increased by health care expenses and employer Medicare tax	Up to \$200 per day per employee; maximum of \$10,000; increased by health care expenses and employer Medicare tax
Qualified wages	All wages if <100 employees; wages only of employees not working for others	All wages subject to social security tax	Only sick leave wages required to be paid under FFCRA	Only family leave wages required to be paid under FFCRA
Treatment of allocable health plan expenses	Included in qualified wages and subject to same overall limitation	Not eligible for benefits	Direct increase to credit amount	Direct increase to credit amount

Effective date	March 13, 2020	March 27, 2020	April 1, 2020	April 1, 2020
Expiration date	December 31, 2020	December 31, 2020	December 31, 2020	December 31, 2020
Restrictions on small business loans	Cannot claim credits if Payroll Protection Program loan obtained	Cannot defer payroll tax if Payroll Protection Program or §1109 loan forgiven	None	None
Common law employers and third-party payers	Credit available to common law employer, not third-party payer	Deferral available to common law employer, not third-party payer	Credit available to common law employer, not third-party payer	Credit available to common law employer, not third-party payer
Self-employment (SE) tax benefits	None	SE tax equivalent eligible for deferral	SE tax credit available for sick leave equivalent of self-employed individual	SE tax credit available for family leave equivalent of self-employed individual
Section 501(c) entities	Eligible	Eligible	Eligible	Eligible
Federal, state, and local governments / agencies	Not eligible	Eligible	Not eligible	Not eligible

*The Payroll Protection Program loans generally require an employer to have less than 500 employees. This 500-employee threshold is determined under a different set of employee counting and aggregation rules as determined by the Small Business Administration. See the [Affiliation](#) guide in the [Size Standards](#) section of the Small Business Administration website for details.