



HAYS COMPANIES

# Optional FFCRA Paid Leave Tax Credit Extension

On December 27, 2020, President Trump signed the Consolidated Appropriations Act, 2021. This bill includes the \$1.4 trillion fiscal 2021 appropriations and Congress' \$900 billion relief package designed to address the economic fallout from the COVID-19 crisis.

One provision of the legislation is the continuation of tax credits for employers that voluntarily provide paid sick and family leave as established under the Families First Coronavirus Response Act (FFCRA) through March 31, 2021. The provisions of the FFCRA requiring paid sick and family leave due to COVID-19 related reasons expire December 31, 2020. This means that while employers *are not required to comply* with the previous paid sick and family leave provisions of the FFCRA, they can choose to continue to provide these paid leaves and receive reimbursement for the paid leaves from the federal government through the same process that was in place prior to December 31, 2020.

The reasons for taking the leave, the amount of leave available to employees, and the employers eligible for the tax credits were not altered by the new legislation. For more information about the various rules and regulations around COVID-19-related paid leaves under the FFCRA, see <https://www.irs.gov/newsroom/covid-19-related-tax-credits-for-required-paid-leave-provided-by-small-and-midsize-businesses-faqs-0>.

**Research and Compliance will continue to provide further analysis as well as updates as additional information and federal guidance is made available.**

*Please be advised that any and all information, comments, analysis, and/or recommendations set forth above relative to the possible impact of COVID-19 on potential insurance coverage or other policy implications are intended solely for informational purposes and should not be relied upon as legal or medical advice. As an insurance broker, we have no authority to make coverage decisions as that ability rests solely with the issuing carrier. Therefore, all claims should be submitted to the carrier for evaluation. The positions expressed herein are opinions only and are not to be construed as any form of guarantee or warranty. Finally, given the extremely dynamic and rapidly evolving COVID-19 situation, comments above do not take into account any applicable pending or future legislation introduced with the intent to override, alter or amend current policy language.*

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