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Employment Update: New COVID-19 Relief Bill Highlights
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The long awaited 900 billion dollar COVID-19 relief bill is now law. Here are some highlights that may affect you:

- **FFCRA Tax Credit Expansion:** Emergency Paid Sick Leave and Expanded Family and Medical Leave tax credit, not entitlement to leave, extended through March 31, 2021 (was expiring December 31, 2020)
- **PPP:** Additional funding for Paycheck Protection Program
- **Unemployment Assistance:** Additional \$300 per week in federal unemployment insurance benefits (until March 14, 2021)
- **Stimulus Payments:** Direct stimulus payments to qualifying individuals (currently up to \$600 per person, including dependents. Yesterday the House passed a bill to increase stimulus to \$2000, but it is uncertain what Senate will do)

Below are important details on specific provisions applicable to employers that you should know.

FFCRA Leave Impacts

The new law extends only the employers' ability to receive a tax credit until March 31, 2021, not the employees' entitlement to receive the paid leave. If employers voluntarily provide paid leave under FFCRA's Expanded Family and Medical Leave (EFML) and Emergency Paid Sick Leave (EPSL) to employees past the December 31, 2020 expiration date they may continue to receive the tax credit. The law does not extend the mandate that required employers to provide EFML and EPSL to employees past December 31. In addition, the law does not expand the amount of leave available to employees under the FFCRA (up to 80 hours of EPSL, up to 10 weeks of EFML). As such, employers cannot claim the tax credit for employees who have already utilized all of their FFCRA leave entitlement.

To summarize, from January 1 – March 31, 2021, if an employee has EFML or EPS leave remaining, an employer can decide to grant paid leave and will qualify for a tax credit if they do so.

Paycheck Protection Program

Businesses that already received a PPP loan may be eligible to get a second loan under the new law, and some entities (including non-profit organizations) that were excluded from a PPP loan originally may be eligible for a first PPP loan. To be eligible for a second PPP loan, a business must have no more than 300 employees (instead of up to 500), must demonstrate at least a 25 percent drop in revenues in any 2020 quarter compared with the same quarter in 2019, and must have used or will use the full amount of their first PPP loan. Businesses can use their PPP loan money for categories of spending that were excluded before such as software and cloud computing services.

Other provisions of the law that may be of interest to employers include:

- The Tax Cuts and Jobs Act of 2017 provided a federal tax credit for employers with a written paid leave policy providing family medical leave to qualified employees who make less than a certain amount (tied to the IRS definition of a “highly compensated employee”; an employee had to make less than \$78,000 per year in 2020 to qualify). The new law extends this employer credit through December 31, 2025.
- The CARES Act provided an incentive for employers to offer education assistance as a benefit of employment by excluding up to \$5,250 of employer payments towards educational expenses (such as tuition, student loans, and supplies such as books and equipment) from the gross income of an employee. This provision was set to expire at the end of 2020 and has been extended through the end of 2025.
- Extension of the CARES Act employee retention tax credit for employers subject to closure due to COVID-19 who continue to pay employees during a shutdown or during significant decline in gross receipts. This tax credit was set to expire at the end of 2020 and has been extended through June 30, 2021.

As always, if you have any questions, please do not hesitate to reach out to us directly.