

Optional FFCRA Paid Leave Tax Credit Extension

December 2020

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.

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