

Bolton & Company Compliance Notice



Families First Coronavirus Relief Act Credits Extended and Enhanced

Posted on March 16, 2021, by Michelle Cammayo, Vice President of Compliance

President Joe Biden signed the American Rescue Plan Act (ARPA) into law on March 11, 2021. The legislation addresses many different areas including unemployment, child care tax credit, Consolidated Omnibus Budget Reconciliation Act (COBRA) subsidies, Families First Coronavirus Relief Act (FFCRA) and more. Our [previous blog](#) here discusses the COBRA subsidies in more detail.

The ARPA extends and expands provisions of FFCRA, and most importantly, it **does not** require employers to offer FFCRA beyond the original expiration date of December 31, 2020. It does, however, extend tax credits for employers who want to continue offering FFCRA leave.

For those employers who wish to continue offering FFCRA, please read more to learn about the extended credits as well as the expanded provisions.

When is it effective? FFCRA tax credits were previously extended to 3/31/2021 on an optional basis. The new provisions written about in this article take effect from March 31,

2021 to September 30, 2021.

Do I have to offer FFCRA to my employees? No. The extension is optional.

Are there any changes other than extending the ability to take a tax credit? Yes, there are a few significant changes. Most notably to this author is that the FFCRA tax credit can be used to provide paid time off for employees to obtain the COVID-19 vaccine or to recover from an illness related to the immunization.

Highlights of all ARPA FFCRA provisions are provided below:

- Provides that paid sick and paid family leave credits may each be increased by the employer's share of Social Security tax (6.2 percent) and employer's share of Medicare tax (1.45 percent) on qualified leave wages.
- Allows for the credits for paid sick and family leave to be structured as a refundable payroll tax credit against Medicare tax only (1.45 percent), beginning after March 31, 2021.
- Increases the amount of wages for which an employer may claim the paid family leave credit in a year from \$10,000 to \$12,000 per employee.
- Expands the paid family leave credit to allow employers to claim the credit for leave provided for the reasons included under the previous employer mandate for paid sick time. For the self-employed, the number of days for which self-employed individuals can claim the paid family leave credit is increased from 50 to 60 days.
- Permits the paid sick and family leave credit to be claimed by employers who provide paid time off for employees to obtain the COVID-19 vaccination or recover from an illness related to the immunization.
- Increases the paid sick and family leave credit by the cost of the employer's qualified health plan expenses and by the employer's collectively bargains contributions to a defined benefit pension plan and the amount of collectively bargained apprenticeship program contributions.
- Establishes a non-discrimination requirement where no credit will be permitted to any employer who discriminates in favor of highly compensated employees as defined under Code Sec. 414(q), full-time employees, or employees on the basis of employment tenure.
- Resets the 10-day limitation on the maximum number of days for which an employer can claim the paid sick leave credit with respect to wages paid to an employee. The current 10-day limitation runs from the start of the credits in 2020 through March 31, 2021. For the self-employed, the 10-day reset applies to sick days after January 1, 2021 for self-employed individuals.
- Clarifies that while no credit for paid sick and family leave may be claimed by the federal government or any federal agency or instrumentality, this would not apply to any organization described under Code Sec. 501(c)(1) and exempt from tax under Code Sec. 501(a) , including state and local governments.

For more information about ARPA or the new FFCRA paid sick and family leave provisions, visit [this page](#).

Stay tuned for guidance taking the form of FAQs by bookmarking [this page](#).

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