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employees on their payroll. The refundable tax credit is 50% of up to \$10,000 in wages paid by an eligible employer whose business has been financially impacted by COVID-19.

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Since the onset of the Covid-19 pandemic, the Internal Revenue Service has implemented three new tax credits available to businesses impacted by the outbreak:

Employee Retention Credit:

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Qualifying employers must fall into one of two categories.

1. The employer's business is fully or partially suspended by government order due to COVID-19 during the calendar quarter.
2. The employer's gross receipts are below 50% of the comparable quarter in 2019. Once the employer's gross receipts go above 80% of a comparable quarter in 2019, they no longer qualify after the end of that quarter.

Employers will calculate these measures each calendar quarter.

Paid Sick Leave Credit and Family Leave Credit:

The paid sick leave credit is designed to allow business to get a credit for an employee who is unable to work (including telework) because of Coronavirus quarantine or self-quarantine or has Coronavirus symptoms and is seeking a medical diagnosis. Those employees are entitled to paid sick leave for up to 10 days (up to 80 hours) at the employee's regular rate of pay up to \$511 per day and \$5,110 in total.

The employer can also receive the credit for employees who are unable to work due to caring for someone with Coronavirus or caring for a child because the child's school or place of care is closed, or the paid childcare provider is unavailable due to the Coronavirus. Those employees are entitled to paid sick leave for up to two weeks (up to 80 hours) at 2/3 the employee's regular rate of pay or, up to \$200 per day and \$2,000 in total.

Employees are also entitled to paid family and medical leave equal to 2/3 of the employee's regular pay, up to \$200 per day and \$10,000 in total. Up to 10 weeks of qualifying leave can be counted towards the family leave credit.

Employers can be immediately reimbursed for the credit by reducing their required deposits of payroll taxes that have been withheld from employees' wages by the

amount of the credit.

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Employers can be immediately reimbursed for the credit by reducing their required deposits of payroll taxes that have been withheld from employees' wages by the amount of the credit.

Eligible employers will report their total qualified wages and the related health insurance costs for each quarter on their quarterly employment tax returns or Form 941 beginning with the second quarter. If the employer's employment tax deposits are not sufficient to cover the credit, the employer may receive an advance payment from the IRS by submitting [Form 7200](#), Advance Payment of Employer Credits Due to COVID-19.

Eligible employers can also request an advance of the Employee Retention Credit by submitting [Form 7200](#).

The IRS has also posted [Employee Retention Credit FAQs](#) and [Paid Family Leave and Sick Leave FAQs](#) that will help answer questions.

Updates on the implementation of the [Employee Retention Credit](#) and other information can be found on the [Coronavirus](#) page of IRS.gov.

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