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Coronavirus Aid, Relief and Economic Security Act (CARES Act).

Jul. 27, 2020



The Internal Revenue Service has issued a [temporary regulation](#) and a [proposed regulation](#) to reconcile advance payments of refundable employment tax credits and recapture the benefit of these credits when necessary.

The regulations authorize the assessment of erroneous refunds of the credits paid under both the Families First Coronavirus Response Act (Families First Act) and Coronavirus Aid, Relief and Economic Security Act (CARES Act).

The Families First Act generally requires employers with fewer than 500 employees to provide paid sick leave for up to 80 hours and paid family leave for up to 10 weeks if the employee is unable to work or telework due to COVID-19 related reasons.

Eligible employers are entitled to fully refundable tax credits to cover the cost of the

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Employers may also receive advance payment of the credits up to the total allowable amounts. The IRS has created [Form 7200](#), Advance Payment of Employer Credits Due To COVID-19, which employers may use to request an advance of the credits.

Employers are required to reconcile any advance payments claimed on Form 7200 with total credits claimed and total taxes due on their employment tax returns.

Any refund of these credits paid to a taxpayer that exceeds the amount the taxpayer is allowed is an erroneous refund for which the IRS must seek repayment.

For more information on the employer credits, see [Employer Tax Credits](#)

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