Abstract: Under the Families First Coronavirus Response Act, employees could (through December 31, 2020) take paid sick time and paid family leave to care for themselves or loved ones because of COVID-19. This brief article notes some changes to the applicable rules with the passage of two subsequent laws in December 2020 and in March 2021.

New rules for COVID-related paid sick time and leave

Under the Families First Coronavirus Response Act (FFCRA), enacted in March of 2020, employees could (through December 31, 2020) take paid sick time and paid family leave to care for themselves or loved ones because of COVID-19. In turn, eligible employers could claim tax credits to offset costs of the leave.

If your business has granted such sick time or leave, be advised that the American Rescue Plan Act (ARPA), signed into law in March 2021, changed some of the applicable rules. This was after the Consolidated Appropriations Act (CAA), passed in December of 2020, extended the tax credits.

Specifically, the CAA extended the credits through March 31, 2021. The ARPA then extended them through September 30, 2021. And the amount of wages for which an employer may claim the paid family leave credit in a year has increased from $10,000 to $12,000 per employee.

The paid family leave credit has also been expanded 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 individuals can claim the paid family leave credit has been increased from 50 to 60 days.

In addition, the paid sick and family leave credit can be claimed by employers who provide paid time off for employees to obtain the COVID-19 vaccination or recover from an illness related to an immunization.

The paid sick time and leave originally introduced under the FFCRA, and now updated under the CAA and ARPA, remains an important relief measure for both businesses and their employees. Contact our firm for further information.