March 31, 2020

IRS Announces Effective Date for Tax Credits Related to COVID-19 Paid Leave

Notice 2020-21, released on March 27, provides that the tax credits for paid family and sick leave under the Families First Coronavirus Response Act (the Act) will apply to wages paid between April 1 and December 31, 2020. As detailed in our earlier alert, employers providing paid family and sick leave under the Act are entitled to refundable tax credits which are designed to immediately reimburse them for the cost of providing COVID-19 related leave and maintaining health insurance coverage for affected employees. The Act provides that the tax credit applies only to wages paid with respect to the period beginning on a date selected by the Treasury Secretary within 15 days following enactment (March 18) and before December 31. Notice 2020-21 states that the date selected by the Secretary is April 1. This is also the effective date of the paid family and sick leave provisions under the Act, as announced in recent Department of Labor guidance (summarized in a separate alert).

For more Day Pitney alerts and articles related to the impact of COVID-19, as well as information from other reliable sources, please visit our COVID-19 Resource Center.

COVID-19 DISCLAIMER: As you are aware, as a result of the COVID-19 pandemic, things are changing quickly and the effect, enforceability and interpretation of laws may be affected by future events. The material set forth in this document is not an unequivocal statement of law, but instead represents our best interpretation of where things stand as of the date of first publication. We have not attempted to address the potential impacts of all local, state and federal orders that may have been issued in response to the COVID-19 pandemic.

Authors



David P. Doyle
Partner

Parsippany, NJ | (973) 966-8136

ddoyle@daypitney.com



Thomas F. J. O'Mullane
Partner

Parsippany, NJ | (973) 966-8413

tomullane@daypitney.com