



Families First Coronavirus Response Act (FFCRA)

Course #3231A

Taxes

2 Credit Hours

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FAMILIES FIRST CORONAVIRUS RESPONSE ACT (FFCRA)

This course covers the most significant aspects of the Families First Coronavirus Response Act (FFCRA). It is in a format that summarizes the key points of the act and then a thorough FAQ section that will hopefully answer many of your questions.

LEARNING ASSIGNMENTS AND OBJECTIVES

As a result of studying each assignment, you should be able to meet the objectives listed below each individual assignment.

SUBJECTS

Families First Coronavirus Response Act (FFCRA)

Study the course materials from pages 1 to 26

Complete the review questions at the end of each chapter

Answer the exam questions 1 to 10

Objectives:

- Identify relevant aspects of the FFCRA.

NOTICE

This course is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional advice and assumes no liability whatsoever in connection with its use. Since laws are constantly changing, and are subject to differing interpretations, we urge you to do additional research and consult appropriate experts before relying on the information contained in this course to render professional advice.

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EXAM OUTLINE

- **TEST FORMAT:** The final exam for this course consists of 10 multiple-choice questions and is based specifically on the information covered in the course materials.
- **ACCESS FINAL EXAM:** Log in to your account and click Take Exam. A copy of the final exam is provided at the end of these course materials for your convenience, however you must submit your answers online to receive credit for the course.
- **LICENSE RENEWAL INFORMATION:** This course qualifies for **2** CPE hours.
- **PROCESSING:** You will receive the score for your final exam immediately after it is submitted. A score of 70% or better is required to pass.
- **CERTIFICATE OF COMPLETION:** Will be available in your account to view online or print. If you do not pass an exam, it can be retaken free of charge.

TABLE OF CONTENTS

Chapter 1: Families First	
Coronavirus Response Act (FFCRA)	1
Chapter 1: Test Your Knowledge	23
Chapter 1: Solutions and Suggested Responses	26
Glossary	29
Index	31
Final Exam Copy	32

CHAPTER 1: FAMILIES FIRST CORONAVIRUS RESPONSE ACT (FFCRA)

Chapter Objective

After completing this chapter, you should be able to:

- Identify relevant aspects of the FFCRA.

FFCRA SUMMARY

On March 18, 2020, President Trump signed into law H.R. 6201 – Families First Coronavirus Response Act. This is the second of possibly many new laws to combat the Covid-19 outbreak. At an estimated cost to the U.S. Treasury of \$105 billion, this 40+ page bill is primarily concerned with mandating emergency employer-paid sick leave (employers with less than 500 employees), and providing a payroll tax credit to fund the sick leave payments.

Among the provisions of the new law are:

- Provides emergency food to food banks, low-income seniors, low-income pregnant women, and young children.
- Provides for the payment of Covid-19 testing services.
- Provides waivers of certain school lunch rules.
- Expands emergency family and medical leave. Two weeks of paid sick leave at full pay to quarantine or seek a diagnosis, or paid at two-thirds pay to care for a quarantined family member or to care for a child whose school has closed or child care provider is unavailable due to the coronavirus. An additional 10 weeks at no less than two-thirds pay is available to employees covered by the above circumstances as a result of the coronavirus.
- Tax credits for paid sick and family and medical leave. Provides a refundable tax credit equal to 100 percent of qualified sick leave wages paid by an employer. The credit is a payroll tax credit applied against the employer portion of social security taxes. Qualified wages are capped at \$511/day for employees self-isolating and \$200/day for those caring for a family member or child.
- Tax credit for sick leave for certain self-employed individuals with the same limits as above.
- Tax credit for required paid family leave. 100 percent of qualified wages. Limited to \$200/day per employee and a \$10,000 overall maximum per employee. A similar credit is available for the self-employed.

- The tax credits are only available for the period beginning within 15 days from the date of enactment (as determined by the IRS) and ending on December 31, 2020. The IRS is granted broad authority to issue regulations and guidance.

Observation



For CPAs, the most important part of this bill relates to the tax credits estimated to be over \$100 billion. It is important to notify clients to detail and document the amount of paid sick and family leave provided to employees. Since the credit is a payroll tax credit instead of an income tax credit, the credit may be available as soon as the next payroll tax reporting period ends.

FFCRA QUESTIONS AND ANSWERS

With something so new, there are obviously many questions regarding the implementation of this Act. The U.S. Department of Labor, who is the body responsible for implementing the regulations of the Act, has therefore put out this relevant detailed document on many of the Frequently Asked Questions (FAQs). Hopefully, any questions you may have are addressed here.

Definitions

Paid sick leave – means paid leave under the Emergency Paid Sick Leave Act.

Expanded family and medical leave – means paid leave under the Emergency Family and Medical Leave Expansion Act.

Questions and Answers

1. What is the effective date of the Families First Coronavirus Response Act (FFCRA), which includes the Emergency Paid Sick Leave Act and the Emergency Family and Medical Leave Expansion Act?

The FFCRA's paid leave provisions are effective on April 1, 2020, and apply to leave taken between April 1, 2020, and December 31, 2020.

2. As an employer, how do I know if my business is under the 500-employee threshold and therefore must provide paid sick leave or expanded family and medical leave?

You have fewer than 500 employees if, at the time your employee's leave is to be taken, you employ fewer than 500 full-time and part-time employees within the United States, which includes any State of the United States, the District of Columbia, or any Territory or possession of the United States. In making this determination, you should include employees on leave; temporary employees who are jointly employed by you and another employer (regardless of whether the jointly-employed employees are maintained on only your or another employer's payroll); and day laborers supplied by a temporary agency (regardless of whether you are the temporary agency or the client firm if there is a continuing

employment relationship). Workers who are independent contractors under the Fair Labor Standards Act (FLSA), rather than employees, are not considered employees for purposes of the 500-employee threshold.

Typically, a corporation (including its separate establishments or divisions) is considered to be a single employer and its employees must each be counted towards the 500-employee threshold. Where a corporation has an ownership interest in another corporation, the two corporations are separate employers unless they are joint employers under the FLSA with respect to certain employees. If two entities are found to be joint employers, all of their common employees must be counted in determining whether paid sick leave must be provided under the Emergency Paid Sick Leave Act and expanded family and medical leave must be provided under the Emergency Family and Medical Leave Expansion Act.

In general, two or more entities are separate employers unless they meet the integrated employer test under the Family and Medical Leave Act of 1993 (FMLA). If two entities are an integrated employer under the FMLA, then employees of all entities making up the integrated employer will be counted in determining employer coverage for purposes of paid sick leave under the Emergency Paid Sick Leave Act and expanded family and medical leave under the Emergency Family and Medical Leave Expansion Act.

3. If I am a private sector employer and have 500 or more employees, do the Acts apply to me?

No. Private sector employers are only required to comply with the Acts if they have fewer than 500 employees.¹

4. If providing child care-related paid sick leave and expanded family and medical leave at my business with fewer than 50 employees would jeopardize the viability of my business as a going concern, how do I take advantage of the small business exemption?

To elect this small business exemption, you should document why your business with fewer than 50 employees meets the criteria set forth by the Department, which will be addressed in more detail in forthcoming regulations.

Note



You should not send any materials to the Department of Labor when seeking a small business exemption for paid sick leave and expanded family and medical leave.

5. How do I count hours worked by a part-time employee for purposes of paid sick leave or expanded family and medical leave? A part-time employee is entitled to leave for his or her average number of work hours in a two-week period. Therefore, you calculate hours of leave based on the number of hours the employee is normally scheduled to work. If the normal hours scheduled are unknown, or if the part-time employee's schedule varies, you may use a six-month average to calculate the average daily hours. Such a part-time employee may take paid sick leave for this number of hours per day for up to a two-week period, and may take expanded family and medical leave for the same number of hours per day up to ten weeks after that.

If this calculation cannot be made because the employee has not been employed for at least six months, use the number of hours that you and your employee agreed that the employee would work upon hiring. And if there is no such agreement, you may calculate the appropriate number of hours of leave based on the average hours per day the employee was scheduled to work over the entire term of his or her employment.

6. When calculating pay due to employees, must overtime hours be included?

Yes. The Emergency Family and Medical Leave Expansion Act requires you to pay an employee for hours the employee would have been normally scheduled to work even if that is more than 40 hours in a week.

However, the Emergency Paid Sick Leave Act requires that paid sick leave be paid only up to 80 hours over a two-week period. For example, an employee who is scheduled to work 50 hours a week may take 50 hours of paid sick leave in the first week and 30 hours of paid sick leave in the second week. In any event, the total number of hours paid under the Emergency Paid Sick Leave Act is capped at 80.

If the employee's schedule varies from week to week, please see the answer to Question 5, because the calculation of hours for a full-time employee with a varying schedule is the same as that for a part-time employee.

Please keep in mind the daily and aggregate caps placed on any pay for paid sick leave and expanded family and medical leave as described in the answer to Question 7.

Please note that pay does not need to include a premium for overtime hours under either the Emergency Paid Sick Leave Act or the Emergency Family and Medical Leave Expansion Act.

7. As an employee, how much will I be paid while taking paid sick leave or expanded family and medical leave under the FFCRA?

It depends on your normal schedule as well as why you are taking leave.

If you are taking paid sick leave because you are unable to work or telework due to a need for leave because you (1) are subject to a Federal, State, or local quarantine or isolation order related to COVID-19; (2) have been advised by a health care provider to self-quarantine due to concerns related to COVID-19; or (3) are experiencing symptoms of COVID-19 and are seeking medical diagnosis, you will receive for each applicable hour the greater of: