

Expiration of Payroll Credits

As you may recall, the Families First Coronavirus Response Act (FFCRA), effective April 1, 2020, established an emergency paid sick leave program in response to the pandemic. This program required employers with fewer than 500 employees to provide compensation for employees unable to work for COVID-related reasons (either due to being diagnosed with, exhibiting symptoms, or being exposed to COVID-19, or caring for a family member with similar circumstances). Later, the American Rescue Plan Act (ARPA), enacted on March 11, 2021, extended the paid leave provisions originally established in the FFCRA to cover wages paid from **April 1, 2021, to September 30, 2021**. This program allowed eligible employers to recover 100% of qualified paid leave wages through refundable tax credits. Additionally, ARPA expanded paid sick time and family leave to include time associated with obtaining an immunization or experiencing an immunization-related condition.

No subsequent legislation has been passed to extend this program. Accordingly, **effective October 1, 2021**, employers are no longer able to receive tax credits for paid leave provided to employees for COVID-related reasons. Therefore, your business should revert back to the policies that were in place prior to any COVID relief legislation, which may include PTO, disability and/or family and medical leave, depending on the circumstances. If you choose to modify your existing policies to expand the ability for employees to take time off for COVID-related reasons, we recommend that you consult with an employment attorney to understand the legal implications associated with the changes. However, the cost associated with any expanded leave benefits would be absorbed by the employer since no further government funding is available to reimburse such expenses.

JTaylor will continue to monitor legislative developments with regard to COVID relief programs. Should you have any questions about how the expiration of the sick leave payroll credits may impact your business, please contact your JTaylor tax advisor.