

EZRA T. CLARK, III  
Attorney  
Direct Line: 480-844-0039  
Facsimile Line: 480-844-0035  
E-mail: etc@clarkfirm.com



63 East Main Street, 5<sup>th</sup> Floor  
Mesa, Arizona 85201

MAILING ADDRESS  
P.O. Box 31036  
Mesa, Arizona 85275-1036

Cassandra Ferrigno-Bren, Paralegal

## EMPLOYER ALERT

### **DETAILS EMERGE: HELP FOR EMPLOYERS' FINANCIAL OBLIGATIONS UNDER THE NEW FAMILIES FIRST CORONAVIRUS RESPONSE ACT**

March 2020

As we have reported, the new Families First Coronavirus Response Act (“FFCRA” or the “Act”) was signed into law on March 18, 2020. Many unanswered questions remain. However, late on Friday, March 20, 2020, the Department of Labor (“DOL”), IRS and Treasury Department [announced jointly](#) that employers covered by the FFCRA (*i.e.*, employers employing fewer than 500 employees) may *immediately* begin to take advantage of the payroll tax credits allowed under the paid sick leave and paid family leave provisions of the FFCRA. These credits are designed to reimburse employers for 100% of the cost to provide coronavirus-related leave to employees.

The announcement also said:

- *Tax credit reimbursements* will be “quick and easy to obtain,” with an “immediate dollar-for-dollar tax offset against payroll taxes” provided to employers covered by the FFCRA;
- *Refunds* will be issued quickly when owed to alleviate the burden on employers;
- Employers will be able to request an *expedited advance* by submitting a claim to the IRS. Forms to will be available from the IRS the week of March 23-27; and
- Guidance will be issued the week of March 23-27 on how to *retain an amount of payroll taxes equal to the amount of qualifying emergency sick and childcare leave* to be paid under the FFCRA, rather than depositing those funds with the IRS.

The above is only an announcement; the actual regulations will follow.

Because the FFCRA applies to businesses with fewer than 500 employees, many small employers have been understandably concerned about the potentially crushing burden of the new law. Fortunately, the FFCRA allows the DOL to issue regulations to exempt businesses with fewer than 50 employees if providing paid required benefits would jeopardize viability of the business. The DOL said it will provide forms to petition for the exemption, and it will develop “simple and clear criteria” through its emergency rule-making authority.

Finally, the DOL said that during a 30-day grace period it will not enforce the Act against employers who make good-faith efforts to comply. Instead, the first 30 days will be used to provide guidance, forms, and resources for employers.

Bottom Line: Many details remain to be worked out and actual regulations will follow. But it appears that the IRS and DOL will provide employers with tax relief for their up-front expenses and allow “dollar-for-dollar” tax credits.

### **Conclusion**

We will continue to monitor this rapidly developing situation and provide updates as appropriate. Please let us know if we can help answer your questions or help you implement appropriate policies and response plans. Mr. Clark’s contact information is (480) 844-0039 or [etc@clarkfirm.com](mailto:etc@clarkfirm.com).

This newsletter is published by the Clark Law Firm, P.C. Its purpose is to summarize developments and issues in labor and employment law; it is not intended as a substitute for professional consultation and advice in a particular case. If you are not on our mailing list but would like to receive future newsletters, please call Cassandra Ferrigno-Bren at (480) 844-0039 or sign up on our website at [www.clarkfirm.com](http://www.clarkfirm.com).