



CERTIFIED PUBLIC ACCOUNTANTS

## BELLINGHAM OFFICE

Phone: 360 734-8715 Fax: 360-738-1176  
2200 Rimland Drive - Suite #205 - Bellingham, WA - 98226

## SKAGIT OFFICE

Phone: 360 707-4290 Fax: 360-738-1176  
1404 E College Way - Suite #100 - Mt Vernon, WA - 98273  
BC Phone: 604 531-6638 AB Phone: 587 293-9595

## Emerging Tax Developments due to the COVID-19 response

At VSH CPAs, we understand that these are challenging times. It is our goal to stay informed of government assistance available to our clients during nationwide efforts to curb the spread of the coronavirus.

The House passed **H.R. 6201, Families First Coronavirus Response Act**, on March 14<sup>th</sup> by a vote of 363-40. The Senate has not yet voted on this bill and it is not signed into law. It is expected to be approved by the Senate and signed into law this week. Although the package does not include the payroll tax cuts that President Trump called for, it does include other tax credits and leave policies. Below are some highlights of the bill that are especially pertinent to our business clients.

### Job-Protected Leave

#### *Coronavirus Emergency Leave*

Employers with fewer than 500 employees will need to provide job-protected leave to eligible employees. The leave can be used for quarantine due to exposure or symptoms, caring for a quarantined family member, and caring for children when school or childcare has been closed due to coronavirus. The first 14 days of leave can be unpaid, though employees can choose to take vacation or other available paid leave. After the 14-day initial leave period, employers will be required to pay employees at least 2/3 of their normal pay rate. The act provides for up to 12 weeks of job-protected leave. The Labor department will be allowed to issue regulations excluding certain employees in the healthcare field as well as exempting small businesses with fewer than 50 employees from the paid leave requirements.

#### *Emergency Sick Leave*

Employers with fewer than 500 employees will need to provide paid sick time off for eligible employees. Sick time off can be used for self-quarantining, obtaining care or diagnosis for coronavirus, providing care for a diagnosed family member, or providing care for a child whose school or day care has been closed due to coronavirus. Two weeks of paid sick leave at the employee's normal wage will be granted. Only 2/3 pay will be granted for caring for a family member. Employers with existing paid leave policies will be required to provide workers with emergency paid sick time and cannot require an employee to use other available paid leave before using this emergency sick leave.

### Tax Credits

A refundable tax credit related to paid sick or family leave will be made available to employers. The credit will equal 100% of qualified paid leave wages paid by an employer for each calendar quarter (subject to limits). The credit is taken against the employer's portion of Social Security taxes. Amounts paid to employees who are sick or quarantined will qualify for the full credit.

Amounts paid to employees when they take leave to care for sick family members or for children whose school or childcare has been closed will qualify for a lesser credit.

Self-employed individuals are not left out of the bill. These business owners will qualify for a refundable credit against self-employment taxes. The same rules apply as those for employers above; 100% credit for sick or quarantined self-employed individuals and a lesser credit when self-employed individuals are caring for a family member.

### **Tax Deadline**

On March 17<sup>th</sup>, it was announced that the Treasury Department will not be extending the April 15<sup>th</sup> deadline to file taxes. However, if you owe taxes with your tax return filing you are likely eligible for a 90 day interest-free extension of time to pay. Individuals can defer up to \$1 million of tax due and corporations up to \$10 million of tax due for 90 days without paying any interest or penalties.

*You have questions, and we're your Partner in Business: To find out more about how this will impact your business, reach out to us at [info@vshcpa.com](mailto:info@vshcpa.com) or 360-734-8715.*