

Bolton

Alert

July 2020

IRS: Employers Must Report Pay for FFCRA Leave on W-2

Employers are required to report the amount of qualified sick and family leave wages paid to employees under the Families First Coronavirus Response Act (FFCRA) on Form W-2, according to guidance from the IRS and the U.S. Treasury Department. The guidance was provided in [Notice 2020-54](#), issued by the agencies on July 8, 2020.

Reporting FFCRA Compensation on the W-2

Employers will be required to report FFCRA leave compensation in either Box 14 of Form W-2, or in a statement provided with the Form W-2 using the following model or similar language: “Included in Box 14, if applicable, are amounts paid to you as qualified sick leave wages or qualified family leave wages under the Families First Coronavirus Response Act. Specifically, up to three types of paid qualified sick leave wages or qualified family leave wages are reported in Box 14:

- Sick leave wages subject to the \$511 per day limit because of care you required;
- Sick leave wages subject to the \$200 per day limit because of care you provided to another; and
- Emergency family leave wages

The reporting requirement provides self-employed individuals, who are also employees, with the information necessary to claim sick and family leave tax credits for which they are eligible. According to Notice 2020-54, “If you have self-employment income in addition to wages paid by your employer, and you intend to claim any qualified sick leave or qualified family leave equivalent credits, you must report the qualified sick leave or qualified family leave wages on Form 7202, *Credits for Sick Leave and Family Leave for Certain Self-Employed Individuals*, included with your income tax return and reduce (but not below zero) any qualified sick leave or qualified family leave equivalent credits by the amount of these qualified leave wages. If you have self-employment income, you should refer to the instructions for your individual income tax return for more information.”

Employee Leave Under the FFCRA

The FFCRA, enacted on March 18, 2020, created two types of employee leave for coronavirus-related purposes: paid sick leave and expanded Family and Medical Leave Act leave. Paid sick leave provides eligible employees with 80 hours of compensated leave for specified COVID-19 reasons, including:

- A quarantine or isolation order for the employee or someone the employee is caring for, or medical advice to self-quarantine;
- When the employee has symptoms of COVID-19; or
- When the employee’s child’s school or childcare facility is closed.

Compensation rates for paid sick leave under the FFCRA depend on the reason for the leave. The expanded family and medical leave provisions of the law allow 12 weeks of partially compensated leave to care for a child whose school or childcare facility has been closed due to COVID-19

The U.S. Department of Labor (DOL) has created an [online tool](#) to help workers determine whether they qualify for paid sick leave or expanded family and medical leave under the FFCRA. An employer tool is coming soon.

Employer Action

Employers, with fewer than 500 employees, who are subject to the FFCRA paid leave requirements should ensure that this paid leave is reported on the 2020 Form W-2, or in a statement included with the Form W-2.

Contact a Bolton Consultant today with your questions about FFCRA paid leave or reporting requirements.