

Supplemental Family First Coronavirus Response Act (FFCRA) Information

April 24, 2020

In response to questions asked regarding FFCRA, Brian Stavenger from Eide Bailly provided the following responses:

Question:

While I understand that government employers will not get a tax credit for wages paid under the provisions of the FFCRA, it appears that governments do not have to pay FICA taxes on the paid leave under this Act. Can you confirm this?

Answer:

Yes, the current provision under Section 7005 of the FFCRA waives the requirement for employers to pay the employer social security tax (6.2%) imposed under IRC Section 3111(a). The employer is still required to pay the 1.45% FICA tax that represents the portion for Medicare benefits imposed under IRC Section 3111(b). Section 7005 of the Act does not appear to differentiate between employers or impose restrictions that exclude governmental entities – with that said, a governmental employer required to pay FFCRA leave wages should be eligible to exclude payment of the 6.2% FICA tax on those wages paid; this does not apply to wages paid in excess of the leave requirements. The credits related to the FFCRA are for the wages paid and for the 1.45% Medicare tax; both of which governmental employers are not eligible for. At this time our recommendation is for entities to contact an individual versed in employment law to assist with these provisions.

Question:

Regarding the 6.2% employer share of FICA that does not need to be paid in. Are there specific forms that we need to submit when we do our quarterly 941 forms?

Answer:

Right now, we are waiting for further guidance to be issued. At this time, it appears that the quarterly Form 941 is used; an employer will simply reduce their federal employment tax deposit amount and should keep adequate records to support the calculation. It is possible that an updated Form 941 will be released for Q2 to assist with reporting.