

SMALL BUSINESS TAX CREDIT FOR EMPLOYEE CORONAVIRUS VACCINATIONS

Updated: April 8, 2021

The sooner everyone gets vaccinated, the sooner our economy can fully open up. The good news is that the American Rescue Plan signed into law on March 11, 2021 provides [tax credits](#) designed to pay for the time off a small business owner or their employees take to get vaccinated against the coronavirus.

WHEN IS THE PROGRAM AVAILABLE?

From March 31 through September 30, 2021.

HOW DO EMPLOYERS GET REIMBURSED?

If small business owners provide employees with time off to get vaccinated, the federal government will reimburse employers through money taken out of what the employer usually pays in Medicare taxes.

Tax credits are now available for leave taken as paid sick leave or family leave for any employee to get vaccinated or recover from any condition related to being vaccinated. (Severe adverse reactions to FDA-approved coronavirus vaccines are very rare.)

That time off, up to two weeks, can be deducted from the employer-portion of Medicare taxes, up to \$511 per day (or \$5,110 in total). In the truly unusual case of an employee needing extra time for themselves or to care for a family member (paid family leave)—there are 10 additional weeks that are reimbursable, but at a lower rate of two-thirds of pay, up to \$200 per day (or \$12,000 in total).

If the amount of the credit exceeds the employer's share of Medicare taxes owed, the excess is treated as an overpayment and refunded to the employer.



WHAT KIND OF SMALL BUSINESSES ARE ELIGIBLE FOR THE TAX CREDIT?

Employers must have fewer than 500 employees to be eligible for the tax credit.

I AM SELF-EMPLOYED OR RUN A SOLE PROPRIETORSHIP... AM I ELIGIBLE?

Yes. Self-employed businesses can claim both/either the individual paid and family paid leave tax benefits for time off taken for coronavirus vaccination.

ARE THERE TAX CREDITS AVAILABLE FOR COVID-19 RELATED SICK LEAVE BEYOND VACCINATIONS?

80 hours of paid sick leave is available to any employee (without regard to duration of employment) if they are unable to work (or telework) because they:

- Are subject to a government quarantine or isolation order
- Have been advised to self-quarantine
- Are seeking a medical diagnosis
- Are caring for someone with one of the three conditions above.

Leave can also be taken if an individual cannot work (or telework) because of a need to care for a child whose school has closed or whose regular caregiver is unavailable due to coronavirus.

ARE THERE TAX CREDITS AVAILABLE FOR COVID-19 RELATED FAMILY LEAVE BEYOND VACCINATIONS?

Paid family leave is available if an employee is unable to work or telework because of a need to take care of a child because of a school closure or their regular child care provider is unavailable due to coronavirus, and for the same reasons as paid sick leave. To be eligible for paid family leave, an employee must have been on your payroll for 30 days prior to taking leave.

Eligible employees may take up to 12 weeks of paid family leave:

- The first two weeks of that can be unpaid (presumably the employee would be covered under paid sick leave for those two weeks). After that, the employee is eligible for 10 weeks of paid family leave.

While taking paid family leave, the employee will receive two thirds of their regular rate of pay up to a maximum of \$200 per day (or \$12,000 total).