

Sick Leave and Family Leave Wages Reporting Requirements

Cross References

- Notice 2020-54

Under the Families First Coronavirus Response Act (FFCR Act), employers receive refundable tax credits that reimburse dollar-for-dollar the cost of providing paid sick and family leave wages to their employees for leave related to COVID-19. The IRS recently issued guidance to employers on the requirement to report the amount of qualified sick leave wages and qualified family leave wages paid under the FFCR Act.

In general, qualified sick leave wages and qualified family leave wages are included in boxes 1, 3 (up to the Social Security wage base) and 5 of Form W-2 (or equivalent boxes for railroad employees). Under the guidance, employers must also separately state the total amount of qualified sick leave wages and qualified family leave wages either on their employee's Form W-2, box 14, or on a separate statement. This information can then be used if the employee is also self-employed and eligible to claim qualified sick leave equivalent or qualified family equivalent credits on his or her self-employment income. The self-employed individual will then report his or her qualified sick leave and qualified family leave wage amounts on Form 7202, *Credits for Sick Leave and Family Leave for Certain Self-Employed Individuals*, which is included with the income tax return for 2020. This amount reduces (but not below zero) any qualified sick leave or qualified family leave equivalent credits that the self-employed individual is otherwise eligible for.

In addition, employers must report to the employee the following type and amount of the wages paid, with each amount separately reported either in box 14 of Form W-2 or on a separate statement:

- Qualified sick leave wages paid because:
 - 1) The employee was under a federal, state, or local quarantine or isolation order related to COVID-19,
 - 2) The employee had been advised by a health care provider to self-quarantine due to concerns related to COVID-19, or
 - 3) The employee was experiencing symptoms of COVID-19 and seeking a medical diagnosis.

In labeling this amount, the employer must use the following or similar language: "Sick leave wages subject to the \$511 per day limit."

- Qualified sick leave wages paid because:
 - 4) The employee was caring for an individual who was subject to a federal, state, or local quarantine or isolation order related to COVID-19, or had been advised by a health care provider to self-quarantine due to concerns related to COVID-19,

- 5) The employee was caring for the child of such employee if the school or place of care of the child had been closed, or the childcare provider of such child was unavailable, due to COVID-19 precautions,
- 6) The employee was experiencing any other substantially similar condition specified by the U.S. Department of Health and Human Services.

In labeling this amount, the employer must use the following or similar language: “Sick leave wages subject to the \$200 per day limit.”

- **Qualified family leave wages. In labeling this amount, the employer must use the following or similar language: “Emergency family leave wages.”**

As part of the instructions for “employee” for box 14, Form W-2, or in a separate statement sent to the employee, the employer may provide additional information about qualified sick leave wages and qualified family leave wages and explain that these wages may limit the amount of the qualified sick leave equivalent or qualified family leave equivalent credits to which the employee may be entitled with respect to any self-employment income. The following model language may be used:

“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.**

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.”