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## Credit for Sick Leave for Certain Self-Employed Individuals

### Description of Program and Relief

This section of the Families First Coronavirus Response Act (the “FFCRA”) provides a refundable income tax credit to self-employed individuals who would otherwise be entitled to paid sick leave under the Emergency Paid Sick Leave Act (Division E of the FFCRA) (the “EPSLA”) if they were employed by an eligible third-party. This credit is set at a level equal to the self-employed individual’s “qualified sick leave equivalent amount.”

A self-employed individual’s “qualified sick leave equivalent amount” is equal to (A) the individual’s leave-equivalent days (up to a maximum of 10 days), *multiplied by* (B) the lesser of (1) if the individual presents with the Employee Conditions\*, \$511 per day, or if the individual presents with the Family Conditions\*\*, \$200 per day and (2) if the individual presents with the Employee Conditions, 1/260th of the individual’s net self-employment earnings for the taxable year, or if the individual presents with the Family Conditions, 67% of 1/260th of the individual’s net self-employment earnings for the taxable year.

\* An individual presents with Employee Conditions if the employee is absent because they are subject to a quarantine or isolation order related to coronavirus, has been advised by a health care provider to self-quarantine due to coronavirus concerns, or is experiencing symptoms of coronavirus and is seeking a medical diagnosis.

\*\* An individual presents with Family Conditions if the employee is absent to care for an individual subject to quarantine or an isolation order or who has been advised by a health care provider to self-quarantine due to coronavirus concerns, if the employee is caring for a son or daughter and their school or place of care has been closed, or child care for the employee is unavailable due to coronavirus.

### Government or Lead Agency

Department of the Treasury, through the Internal Revenue Service

### Dates Available

Will become available once the Secretary of Treasury selects an effective date, no later than April 2, 2020.

The credit amount is applied against (or refunded on) taxes shown on the individual’s income tax return, generally for the 2020 tax year. The Act does not make clear whether individuals may take this expected credit into account in computing estimated tax payments.

**Eligibility Requirements/Restrictions**

The individual must regularly carry on a trade or business within the meaning of Section 1402 of the Internal Revenue Code and have a condition that would have entitled them to leave under the EPSLA if they were an employee of an employer.

The program is administered through the individual income tax system. Individuals must maintain sufficient documentation demonstrating eligibility, in accordance with substantiation requirements to be established by the Secretary of Treasury.

**List of Additional Information**

If the individual is also employed, their “qualified sick leave equivalent amount” is reduced to the extent the sum of that amount and the amount of the credit to which the individual’s employer is entitled under Section 7001 of the Act exceeds \$2,000 (in the case of absence due to the Family Conditions) or \$5,100 (in the case of absence due to the Employee Conditions).

The program will likely be reflected on the Form 1040 for 2020, completed in 2021.