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

### Description of Program and Relief

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

A self-employed individual’s “qualified family leave equivalent amount” is equal to (A) the individual’s leave-equivalent days (up to a maximum of 50 days) *multiplied by* (B) the lesser of (1) \$200 and (2) 67% of 1/260th of the individual’s net self-employment earnings for the taxable year.

Self-employed individuals are entitled to this credit if, at any time during the taxable year, they are unable to work in their business, and they would have been entitled to paid sick leave under the EFMLEA if they were employed by a third-party, rather than self-employed.

### Government or Lead Agency

Department of the Treasury, through the Internal Revenue Service

### Dates Available

The program will be available once 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 otherwise have a condition that would have entitled them to leave under the EFMLA.

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

**List of Additional Information**

If the individual is also employed, their “qualified family 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 7003 of the Act exceeds \$10,000.

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