

TO: NAW Direct Members

FROM: NAW Government Relations Team

DATE: April 1, 2020

## **1. Treasury and IRS Release Guidance to Help Small and Midsize Businesses Navigate Paid Sick and Family Leave Tax Credits**

Today, the U.S. Department of the Treasury and the Internal Revenue Service are offering small and mid-size employers more information on refundable tax credits that reimburse them, dollar-for-dollar, for the cost of providing their employees paid sick and family leave wages related to COVID-19.

The Families First Coronavirus Response Act (FFCRA), signed by President Trump on March 18, 2020, gives businesses with fewer than 500 employees funds to provide employees with paid sick leave and family and medical leave related to COVID-19. Eligible employers can receive a credit in the full amount of the qualified sick leave and family leave wages paid for between April 1, 2020, and December 31, 2020.

Employers can be reimbursed immediately by reducing their federal employment tax deposits. If there are insufficient federal employment taxes to cover the amount of the credits, employers may request an accelerated payment from the IRS.

Click here to read more information on small and mid-size business tax credits for paid sick and family leave: <https://www.irs.gov/newsroom/covid-19-related-tax-credits-for-required-paid-leave-provided-by-small-and-midsize-businesses-faqs>

### **Guidance on Relief for Employers from Providing Payroll Taxes:**

<https://www.irs.gov/pub/irs-drop/n-20-22.pdf>

### **Form 7200, Advance Payment of Employer Credits Due to COVID-19:**

<https://www.irs.gov/forms-pubs/about-form-7200>

### **Small and Medium Size Business FAQ:**

<https://www.irs.gov/newsroom/covid-19-related-tax-credits-for-required-paid-leave-provided-by-small-and-midsize-businesses-faqs>

## 2. Potential Priorities for Next Congressional COVID-19 Relief Package

House Democrats announced that they are currently in the information-gathering stage of a fourth Coronavirus response bill. However, at this point the legislation is likely weeks away, as Congress is currently in recess until April 20<sup>th</sup>. Speaker of the House Nancy Pelosi has stated that the next Coronavirus legislation should address family medical leave, worker protections and pensions, health care industry support and additional aid for state and local governments. She has also floated the idea of another direct payment to American citizens. During the debate of the last Coronavirus bill a senior member of the Democratic leadership said that the legislation could be a “tremendous opportunity to restructure things to fit our vision.” This statement put Republicans in the House and Senate on high alert for the inclusion of non-germane issues in any upcoming bills.

Senate Republican Leader Mitch McConnell has bluntly stated that his chamber will not let the next Coronavirus legislation “be an opportunity for the Democrats to achieve unrelated policy items they wouldn’t otherwise be able to pass”. Simply put, there are vast differences between what the House and Senate are envisioning in the next Coronavirus bill and action on any bill will likely be a much longer process than the past three bills that were moved relatively quickly to combat the current crisis.

One issue that both Republicans and Democrats are floating as part of an upcoming bill is infrastructure. President Trump even endorsed the idea when he tweeted, “With interest rates for the United States being at ZERO, this is the time to do our decades long awaited Infrastructure bill, it should be VERY BIG & BOLD, Two Trillion Dollars, and be focused solely on jobs and rebuilding the once great infrastructure of our Country!” However, the larger question that has plagued recent infrastructure legislation remains: how to pay for the bill.

This could all change very quickly, as we have seen, based on what exactly the country will be facing at the end of April. If the United States is still facing an overwhelming medical crisis, it is likely the next bill will be more of the same – sending money to state and local institutions, helping business dealing with economic losses, and other relief provisions. But if the medical crisis seems to be dissipating and the country is facing primarily an economic crisis, then investment in infrastructure to get people back to work is very likely to become a focus of the debate.

**NAW webinar on economic outlook:** We are partnering with NAW senior economic advisor Alan Beaulieu to produce a critical economic forecast Webinar. This webinar, **“Distribution Industry: Navigating the Crisis,”** will run next Thursday, April 9<sup>th</sup>, from 3:00 to 4:30 p.m., EDT. Seats are limited, so if you are interested please purchase your seat today at:

<https://www.naw.org/navigating-the-crisis/>

Many thanks—

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