

# LEGAL UPDATE

## IRS: Employers Must Report Pay for FFCRA Leave on W-2

Employers are required to report the amount of qualified sick and family leave wages paid to employees under the Families First Coronavirus Response Act (FFCRA) on Form W-2, according to guidance from the IRS and the U.S. Treasury Department. The guidance was provided in [Notice 2020-54](#), issued by the agencies on July 8, 2020.

### Reporting FFCRA Compensation on the W-2

Employers will be required to report FFCRA leave compensation in either Box 14 of Form W-2, or in a statement provided with the Form W-2.

The reporting requirement provides self-employed individuals who are also employees with the information necessary to claim sick and family leave tax credits for which they are eligible. According to the Notice, these individuals must also report on Form 7202, *Credits for Sick Leave and Family Leave for Certain Self-Employed Individuals*, included with their income tax returns.

The guidance provides employers with optional language to use in the Form W-2 instructions for employees, explaining that the FFCRA leave wages may limit employees' tax credits for FFCRA leave with respect to any additional self-employment income.

### Employee Leave Under FFCRA

The FFCRA requires covered employers to provide employees with up to 80 hours of paid sick leave and up to 10 weeks of partially compensated leave under the Family and Medical Leave Act for specified reasons relating to COVID-19.

Employers may take a dollar-for-dollar reimbursement through tax credits for all qualifying wages paid under the FFCRA. Applicable tax credits also extend to amounts paid or incurred to maintain health insurance coverage.

### Highlights

#### FFCRA Wage Reporting

Employers are required to report employee compensation for FFCRA leave on Form W-2.

#### Box 14 or Separate Statement

Employers will report FFCRA wage information in Box 14 of the Form W-2, or in a separate statement included with the W-2.

*The reporting requirement also provides information self-employed individuals need to properly claim tax credits for FFCRA leave wages.*

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