



## Sick and Family Leave for the Self-Employed

*New form available from the IRS to claim sick and family leave tax credits*

The Bureau of Labor Statistics counts self-employment in different ways, but estimates that there are close to 10 million, with projections that this number will grow by 8% each year for the foreseeable future. And while much of the COVID-relief packages have been focused on businesses and families, little media attention has been paid to relief offered to those who are self-employed.

But in February of 2021, the Internal Revenue Service announced that a new form is available for eligible self-employed individuals to claim sick and family leave tax credits under the Families First Coronavirus Response Act.

### Sick and Family Leave

According to the IRS:

**“Credit for Sick and Family Leave.** An employee who is unable to work (including telework) because of coronavirus quarantine or self-quarantine or has coronavirus symptoms and is seeking a medical diagnosis, is entitled to paid sick leave for up to ten days (up to 80 hours) at the employee’s regular rate of pay, or, if higher, the Federal minimum wage or any applicable State or local minimum wage, up to \$511 per day, but no more than \$5,110 in total.

**Caring for someone with Coronavirus.** An employee who is unable to work due to caring for someone with coronavirus, or caring for a child

because the child’s school or place of care is closed, or the paid child care provider is unavailable due to the coronavirus, is entitled to paid sick leave for up to two weeks (up to 80 hours) at two-thirds the employee’s regular rate of pay or, if higher, the Federal minimum wage or any applicable State or local minimum wage, up to \$200 per day, but no more than \$2,000 in total.

**Care for children due to daycare or school closure.** An employee who is unable to work because of a need to care for a child whose school or place of care is closed or whose child care provider is unavailable due to the coronavirus, is also entitled to paid family and medical leave equal to two-thirds of the employee’s regular pay, up to \$200 per day and \$10,000 in total. Up to ten weeks of qualifying leave can be counted towards the family leave credit. “

### For Self-Employed Individuals

The following are excerpts from the IRS press release:

“Eligible self-employed individuals will determine their qualified sick and family leave equivalent tax credits with the new IRS Form 7202, Credits for Sick Leave and Family Leave for Certain Self-Employed Individuals. They’ll claim the tax credits on their 2020 Form 1040 for leave taken between April 1, 2020, and December 31, 2020, and on their 2021 Form 1040 for

leave taken between January 1, 2021, and March 31, 2021.

The FFCRA, passed in March 2020, allows eligible self-employed individuals who, due to COVID-19 are unable to work or telework for reasons relating to their own health or to care for a family member to claim refundable tax credits to offset their federal income tax. The credits are equal to either their qualified sick leave or family leave equivalent amount, depending on circumstances. IRS.gov has instructions to help calculate the qualified sick leave equivalent amount and qualified family leave equivalent amount. Certain restrictions apply.

### **Who May File Form 7202**

Eligible self-employed individuals must:

- Conduct a trade or business that qualifies as self-employed income, and
- Be eligible to receive qualified sick or family leave wages under the Emergency Paid Sick Leave Act or Emergency Family and Medical Leave Expansion Act as if the taxpayer was an employee.

Taxpayers must maintain appropriate documentation establishing their eligibility for the credits as an eligible self-employed individual.”