

COVID-19 Tax Credit Adjustments - FFCRA Leave

To produce accurate quarterly federal tax returns, you must inform the Insperity Tax team if you need to adjust the tax credit amounts that have been automatically calculated in iSolved or add missing credits regarding FFCRA Leave.

If you file [**Form 7200 - Advance Payment of Employer Credits Due to COVID-19**](#) to request tax credit funds directly from the IRS, you also must inform the Insperity Tax team so these credits are not applied to future payrolls, and so they are recorded for accurate tax reporting.

To review your existing tax credits for FFCRA leave or the CARES Act Employee Retention Credit, go to *Client Management > Taxes > Business Credits* in iSolved.

Using This Form

iSolved began calculating tax credits automatically for Emergency Paid Sick Leave (EPSL) and Emergency Paid Family Leave (EPFL) in payrolls posted on or after Friday, April 10, 2020. The automated tax calculation only includes qualified health plan expenses if you entered them in the appropriate memo codes before posting your payrolls.

When should I use this form?

- If you posted payrolls with EPSL or EPFL earnings but did not include qualified health plan expenses, **use this form** to indicate the needed FFCRA tax credit adjustments
- If you filed Form 7200 to claim advance payment of FFCRA tax credits, **use this form** to indicate the amount of credit claimed. You must report FFCRA tax credits claimed using Form 7200 even if those credits were not calculated in iSolved for your quarterly 941 to be accurate. Please provide a copy of the completed Form 7200 when submitting the Tax Credit Adjustment form
- If you posted payrolls where employees received incorrect EPSL or EPFL hours or rates, or did not receive FFCRA leave and should have, please **do not use this form and instead** contact your Insperity Payroll Specialist for assistance with payroll adjustments
- If you intended to pay EPSL or EPFL earnings but did not use the specified earning codes (EPSL-Employee, EPSL-Family, EPSL-Day11+ 2/3), please **do not use this form, and instead** contact your Insperity Payroll Specialist for assistance with payroll adjustments.
- If you intended to report qualified health plan expenses related to employees receiving FFCRA leave but did not use the specified memo codes (COV QHPE Sick, COV QHPE FMLA), please **do not use this form and instead** contact your Insperity Payroll Specialist for assistance with payroll adjustments

Leave Limits

| EPSL Qualifying Reason Type | Daily Wage Limit | Maximum Hourly Rate for 8.00 hours per day (before rate factor) | Rate Factor | Maximum Hourly Rate for 8.00 hours per day (after rate factor) | Total Wage Limit for 10 days of EPSL |
|--|------------------|---|-------------|--|--------------------------------------|
| Employee | \$511 | \$63.8750 | 1 | \$63.8750 | \$5,110.00 |
| Family | \$200 | \$37.5000 | 2/3 | \$25.0000 | \$2,000 |
| EPFL Qualifying Reason Type | Daily Wage Limit | Maximum Hourly Rate for 8.00 hours per day (before rate factor) | Rate Factor | Maximum Hourly Rate for 8.00 hours per day (after rate factor) | Total Wage Limit for 10 days of EPFL |
| Caring for child < 18 home from school | \$200 | \$37.5000 | 2/3 | \$25.0000 | \$10,000 |

Families First Coronavirus Response Act (FFCRA) Tax Credits Adjustments

Use the following table to enter FFCRA tax credit adjustments or missing tax credits for Emergency Paid Sick Leave (EPSL - EE or Fam) or Emergency Paid Family Leave (EPFL). Tax credits are only available for EPSL and EPFL leave on or after April 1, 2020.

| A | B | C | D | E | F | G | H | I |
|------------------------|-------------------|-----------------------|---------------------|------------------------|--------------------------|--------------------|-------------------|------------------|
| Change Reason | FFCRA Leave Type | Pay Period Begin Date | Pay Period End Date | Pay Date / Filing Date | FFCRA Leave Wages Credit | ER Medicare Credit | FFCRA QHPE Credit | Form 7200 Amount |
| Ex. Posted before 4/10 | EPSL-EE | 3/23/2020 | 4/5/2020 | 4/10/2020 | \$840.00 | \$12.18 | \$250.00 | |
| Ex. Filed Form 7200 | EPSL-EE, EPSL-Fam | | | 4/21/2020 | | | | \$500.00 |
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(A) Enter the reason for the FFCRA tax credit adjustment or missing credit. If you filed Form 7200, indicate that as your reason.

(B) Enter the type of FFCRA tax credit adjustment or missing tax credit. Use the following options:

- **EPSL-EE** - use for Emergency Paid Sick Leave for an employee qualifying reason
- **EPSL-Fam** - use for Emergency Paid Sick Leave for a family qualifying reason
- **EPFL** - use for Emergency Paid Family Leave

If you filed Form 7200 to claim advance payment of FFCRA tax credit, enter the leave types the credit was calculated on.

(C), (D), (E) FFCRA Tax credits must be entered by payroll so they report properly on quarterly federal tax returns. Enter the pay period start date, pay period end date, and pay date for each payroll that includes a missing tax credit or requires an adjustment. Enter dates in MM/DD/YYYY format. If you filed Form 7200 to claim advance payment of FFCRA tax credit, enter the date you filed the form in column E.

(F) Enter the adjustment amount for the tax credit calculated on FFCRA leave gross wages. Reference the above "Leave Limits" table [for more information](#) on limits on FFCRA leave wages.

(G) Enter the adjustment amount for the tax credit due for employer Medicare Tax on FFCRA leave gross wages. The amount should equal 1.45% of the FFCRA leave gross wages entered in Column D.

(H) Enter the adjustment amount for the tax credit due for qualified health plan expenses allocable to FFCRA leave. Generally, expenses for Medical, Dental, Vision, Healthcare FSA, HRA, and ICHRA benefits under a Section 125 plan for employees receiving FFCRA leave are eligible, calculated at a daily rate per covered employee. Refer to the [Determining the Amount of Allocable Qualified Health Plan Expenses section in the IRS guidance](#), or consult your Tax Advisor for assistance.

(I) If you filed *Form 7200, Advance Payment of Credits Due to COVID-19* to claim your FFCRA tax credit directly from the IRS, report the amount of credit you requested. This amount will reduce the remaining tax credit balance in iSolved. Please provide a copy of the filed Form 7200.

If you have questions about this form, contact your Payroll Specialist who will connect you with a COVID-19 tax credit expert for assistance.

By signing below, you confirm that the data provided is accurate and should be reported on your quarterly federal tax returns. You acknowledge that Insperity will enter this information in iSolved, and it will be reflected on the Business Credits screen. Standard tax adjustment fees may apply.

This Request is executed as of this _____ day of _____, 2021.

Client Name: _____

Signature

Printed Name: _____

Title: _____