



Certified Public Accountants
& Business Advisors

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Large Enough To Know, Small Enough To Care*

Employer Credit for Paid Family and Medical Leave

For 2018 and 2019, TCJA allows eligible employers to claim a general business credit equal to 12.5 percent of the amount of wages paid to qualifying employees during any period in which such employees are on family and medical leave if the rate of payment under the program is 50 percent of the wages normally paid to an employee. The credit is increased by 0.25 percentage points (but not above 25 percent) for each percentage point by which the rate of payment exceeds 50 percent.

Observation: An employer must have a written policy in place that provides family and medical leave to all employees on a non-discriminatory basis in order to qualify for the credit. Given the cost of implementing such a policy and complying with yet-to-be-announced reporting requirements, the credit may be impractical for many employers to pursue during the short period it's available. For companies that already have a qualifying family and medical leave plan in place, however, the credit may provide a nice windfall.