

Paid Family and Medical Leave Act Tax Credit Extension

On December 20, 2019, the President signed an extension to the federal paid family and medical leave (PFML) Tax Credit which will allow employers to claim a tax credit for PFML wages paid in the taxable year beginning January 1, 2020. The tax credit extension is scheduled to expire December 31, 2020.

What is the PFML Tax Credit?

Section 45S of the Internal Revenue Code allows an employer to claim a federal business tax credit for payments made to employees while out on a PFML qualified leave during calendar years 2018, 2019 and now 2020. The employers need to apply for the credit directly. The credit starts at 12.5% for 50% of wages paid to qualifying employees and goes as high as a 25% tax credit for 100% of wages paid while on PFML leave.

Employers need a written policy with the following:

- 2 paid weeks must be offered to all full-time qualifying employees each year.
- Part-time employees must be offered a prorated amount of leave equivalent to the fraction of time they are expected to work compared to a full-time employee.
- Qualified payments equal to at least 50% of wages.

Qualified Payments exclude:

- Payments by state or local government
- Mandated payments by state or local law, for example CA, NY, NJ, RI, WA
- Any payments made to the employee not covered by PFML
- Payments made for paid time off, such as vacation, personal or sick time

Employer Requirements for Filing for the Tax Credit

- Employee must be employed for at least 1 year; and
- Employee must be paid less than 60% of a highly compensated employee (not earn more than \$78K for 2020).

Other Tax Credit Considerations:

Please reference the [FAQs](#) from the IRS and the original release, [Notice 2018-71](#) for additional guidance.

What MetLife can Provide

Through our MetLink portal, we can provide a report listing all employees who have taken an FMLA leave in 2018 along with the amount of time used.

The following is an example of this report:

Location	Social Security #	Claim Number	Last Name	Claim Status	Program Type	Freq-Type	STD	WC	Absence Type	Hours Used	Weeks Used
1	999999999	FM000000	Rosad1	Approved	FDO	C	Y	N	Employee	312	7.8
1	999999999	FM000000	Theu1	Approved	FDO	C	Y	N	Childcare	128	3.2
1	999999999	FM000000	Deveau1	Approved	FDO	C	Y	N	Family	248	6.2

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As always, tax law is subject to change. Employers and/or our customers should consult with their independent tax advisor(s) regarding their facts and circumstances. MetLife cannot provide tax or legal advice.



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