

Tax Credits Available for Vaccination Sick Leave

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To further support his agenda to have nearly all Americans fully vaccinated by July, President Joe Biden recently highlighted a lesser known aspect of the American Rescue Plan approved in March that provides certain employers with tax credits in exchange for allowing employees to take paid time off during vaccination and related to any side effects.

The White House emphasized the effort late last week, with different directives aimed at businesses of all sizes.

Small and medium sized businesses - fewer than 500 employees - will be able to tap into a tax credit for up to 80 hours of sick leave for each employee, up to \$511 per day per employee. The tax credit will be good for paid sick leave offered between April 1 and September 30 this year related to vaccinations. The White House estimates these businesses cover about half of the country's private sector employees.

The IRS also [released a guide](#) to help educate employers about the tax credit. Similar to COVID-related sick leave benefits, eligible employers can keep the federal employment taxes that they otherwise would have deposited. That includes federal income tax withheld from employees and the employees' share of social security and Medicare taxes. It also includes the eligible employer's share of social security and Medicare taxes with respect to all employees up to the amount of credit for which they are eligible. Employers claim the credit on the Form 941 Employer's federal tax return.

While large employers of 500 employees or more aren't eligible for the tax credit, Biden called on them to also encourage vaccination for both their employees and customers. The White House suggested discounts for vaccinated individuals, giveaways, outreach and other possibilities.

If your business has questions about the new tax credit or how to collect it, please [contact me](#) or contact anyone in the [Barley Snyder Employment](#) or [Tax](#) practice groups.

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