



TaxNewsFlash

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Legislative update: House Democrats introduce bill to address coronavirus (COVID-19); possible tax relief proposals from administration

House Democrats have introduced a bill, H.R. 6201, “Families First Coronavirus Response Act”—a bill that includes a tax provision that would exclude emergency medical leave benefits paid to individuals from their gross income.

Read [text of H.R. 6201](#) [PDF 294 KB] as introduced

Read a [summary of the bill](#) [PDF 210 KB] prepared by the Democratic staffs of various House committees

Tax measure

The tax provision is contained in Division D of the bill and is referred to as the “Emergency Paid Leave Act of 2020.” These measures would create a new federal emergency paid leave benefits program to be administered by the Social Security Administration.

The proposal includes a definition of “emergency leave day” as a day in which an individual is unable to work due to one of four qualifying reasons related to the coronavirus (COVID-19)—such as a COVID-19 diagnosis, quarantine, caring for another person with a COVID-19 diagnosis, and caring for a child or other individuals who are unable to care for themselves due to COVID-19-related closing of school or care program.

Under the federal emergency paid leave benefit program, eligible workers generally would receive a benefit of two-thirds of the individual’s average monthly earnings, subject to a cap of \$4,000. The benefit would be available for a maximum of up to three months in which the eligible workers must take 14 or more days of leave from their work due to the qualifying COVID-19-related reasons. Days when individuals receive pay from their employers (regular wages, sick pay, or other paid time off) or unemployment compensation would not count as leave days for purposes of this benefit.

The bill's tax proposal generally provides that benefits paid under the emergency paid leave benefits program would be excluded from gross income of individuals.

On-going negotiations

Speaker Pelosi has indicated that she and her office are continuing talks with the administration regarding this bill. It is possible that the bill could be modified before it is considered on the House floor.

Mnuchin discusses tax relief for small- and medium-sized businesses

In a regularly scheduled hearing before a subcommittee of the House Appropriations Committee on March 11, 2019, Treasury Secretary Mnuchin made the following comments:

The immediate issue and we are working with the Speaker and Leader McConnell and we urge Congress to pass legislation quickly. The first priority is funding that will go for help small- and medium-sized businesses that are directly impacted by this. There are a large number of workers that will be required to self-quarantine or be at home to care for family members who are self-quarantined for small- and medium-sized businesses we think it's appropriate for the government to pick up those costs. This is a little bit like a hurricane and we need to cover these outside of the normal expenses.... We are also looking – and this we can do on an Administration basis – we don't need Congress – we are looking at providing substantial relief to certain taxpayers and small businesses who would be able to get extensions on their taxes and we think we can provide over \$200 billion dollars of liquidity into the economy by delaying certain tax payments. But we urge Congress to act quickly. The president very much wants to consider a stimulus bill whether it's through a payroll tax or otherwise. We realize that may not get done this week so we want to get done what we can do this week and we will come back.

Secretary Mnuchin also mentioned that the administration would see a payroll tax cut as a stimulus mechanism for putting money into the economy.

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