



TaxNewsFlash

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New IRS form for self-employed individuals to claim sick and family leave tax credits (COVID-19)

The IRS today announced that a new form is available for eligible self-employed individuals to claim sick and family leave tax credits under “Families First Coronavirus Response Act” (Pub. L. No. 116-127).

The “Families First Act” allows eligible self-employed individuals who, due to COVID-19 are unable to work or telework for reasons relating to their own health or to care for a family member, to claim refundable tax credits to offset their federal income tax. The credits are equal to either their qualified sick leave or family leave equivalent amount, depending on circumstances.

Read [Form 7202](#) [PDF 65 KB], *Credits for Sick Leave and Family Leave for Certain Self-Employed Individuals*

A related IRS release—[IR-2021-31](#) (February 8, 2021)—explains that eligible self-employed individuals will determine their qualified sick and family leave equivalent tax credits by filing Form 7202. Eligible self-employed individuals can claim the tax credits on their 2020 Form 1040 for leave taken between April 1, 2020, and December 31, 2020, and on their 2021 Form 1040 for leave taken between January 1, 2021, and March 31, 2021.

In order to file Form 7202, eligible self-employed individuals must:

- Conduct a trade or business that qualifies as self-employment income
- Be eligible to receive qualified sick or family leave wages under the “Emergency Paid Sick Leave Act” as if the taxpayer was an employee

Taxpayers must maintain appropriate documentation establishing their eligibility for the credits as an eligible self-employed individual.

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