

Leaders' Guide to Providing Paid Time Off for Employees to Get Vaccinated

Tax Credit Available to Small- and Medium-Sized Businesses Offering Paid Leave

On April 21, the Biden administration took another major step in the fight against COVID-19 by calling on employers to help their employees get vaccinated and help our economy recover from the devastating impacts of this global pandemic.

President Biden urged every U.S. employer to offer full pay to their employees for any time off they need to get vaccinated or to recover from after-effects they experience from the vaccine. He announced a new [paid leave tax credit](#) that will offset the cost for employers with fewer than 500 employees to provide full pay for any time off their employees need to get a COVID-19 vaccination or to recover from that vaccination.

A holistic and comprehensive investment in our nation's care infrastructure must include permanent paid leave – and this critical benefit is a step in the right direction. The ability to get vaccinated and gain access to paid leave are critical to the health, safety, and productivity of our workforce, and essential as we work to get the virus under control and people back to work. In this period of extended crisis, businesses can play their part by extending paid leave and using this tax credit.

Here is more information about the paid leave tax credit and how small- and medium-sized businesses and self-employed workers can claim it.

What is the [paid leave tax credit](#)?

- ▶ This new tax credit will offset the cost for businesses and nonprofits with less than 500 employees of paid sick leave offered to employees between April 1, 2021 and September 30, 2021. This tax credit will offset costs up to 80 hours and/or \$511 per day of paid sick leave during this time.
- ▶ This tax credit will enable small- and medium-sized employers to offer paid leave to employees to get the COVID-19 vaccine and take the time they need to recover from that vaccine at no cost to the employer.

How can my small- to medium-sized business claim this paid leave tax credit?

- ▶ Eligible employers should fill out a [Form 941, Employer's Quarterly Federal Tax Return](#) in anticipation of claiming paid leave tax credits. Employers can keep the federal employment taxes that they otherwise would have deposited, including federal income tax withheld from employees and social security and Medicare taxes for all employees up to the amount of eligible credit.
- ▶ More detail is in the [Form 941 instructions](#), which explains how to reflect the reduced liabilities for the quarter related to the deposit schedule.
- ▶ For details on how to claim this paid leave tax credit and for more information, visit the IRS [website](#) to view the paid leave tax credit fact sheet.

What if I am a self-employed worker?

Self-employed workers can claim this tax credit to take paid leave to get vaccines and care for themselves after they are vaccinated after providing certain documentation.

- ▶ Self-employed individuals may claim comparable tax credits on their 2020 individual [Form 1040, U.S. Individual Income Tax Return](#).
- ▶ More guidance for self-employed individuals from the IRS can be found [here](#).

Where can I go for more information about the paid leave tax credit?

- ▶ This Internal Revenue Service (IRS) [fact sheet](#) includes details on how employers can claim the paid leave tax credit on their quarterly tax filings.
- ▶ This Treasury Department [snapshot](#) offers more information about this tax credit and how it works.
- ▶ This [fact sheet](#) from The Center for Law and Social Policy (CLASP) lays out what workers need to know about COVID-19 emergency leave provisions in the American Rescue Plan (ARP).
- ▶ This [Leaders' Guide to Providing Employees with Equitable Access to Vaccines](#) prepared by [TIME'S UP Healthcare](#) and the [TIME'S UP Impact Lab](#) outlines what employers should consider to ensure all Americans, especially those facing the greatest social and economic inequities, have access to vaccines and related care.