

Family and Medical Leave Employer Credit Update

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The Tax Cuts and Jobs Act, signed into law on December 22, 2017, makes a new tax credit available to eligible employers who provide paid leave to qualified employees under the Family and Medical Leave Act (FMLA).

Eligible employers:

- Have a written policy that provides at least two weeks paid leave to full-time employees annually; part-time employees must be given a proportionate amount of paid leave based on hours worked
- The rate of payment for leave is at least 50% of the wages normally paid to the employee

Eligible employees:

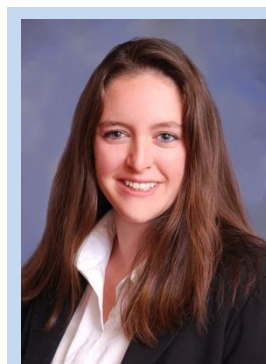
- Have been employed by the employer for at least 1 year
- Made no more than 60% of the amount applicable for a highly compensated employee in the preceding year; \$72,000 for 2018 and 2019.

Eligible employers that are paying 50% of normal wages will receive a credit equal to 12.5% of the wages paid to qualifying employees. The credit amount increases .25% for each percentage point over 50% of the normal wages, up to a maximum credit amount of 25% for up to 12 weeks. The deduction for wages and salaries must be reduced by the amount of the credit claimed.

For purposes of calculating the credit any amount of paid leave provided as vacation leave, personal leave, or medical/sick leave shall not be considered to be FMLA leave unless that leave is specifically designated for one of the circumstances defined under FMLA. Any leave which is paid by a State or local government or is required to be paid by a State or local law, such as the New York State Paid Family Leave, is not taken into account when determining the amount of paid family and medical leave provided by the employer.

The credit does not apply to any wages paid in tax years beginning after December 31, 2019.

For more information, please contact [Kathryn Mellon](#) at kmellon@dopkins.com.



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