

116TH CONGRESS
2D SESSION

H. R. 6221

To allow a tax credit for employers under the Internal Revenue Code of
1986 for certain mandated paid sick leave.

IN THE HOUSE OF REPRESENTATIVES

MARCH 12, 2020

Mr. HARDER of California introduced the following bill; which was referred
to the Committee on Ways and Means

A BILL

To allow a tax credit for employers under the Internal
Revenue Code of 1986 for certain mandated paid sick leave.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Paid Sick Leave Credit
5 Act of 2020”.

6 **SEC. 2. PAYROLL CREDIT FOR REQUIRED PAID SICK**
7 **LEAVE.**

8 (a) IN GENERAL.—In the case of a employer who
9 elects (at such time and in such manner as the Secretary
10 may provide) the application of this section there shall be

1 allowed as a credit against the tax imposed by section
2 3111(a) of the Internal Revenue Code of 1986 for the first
3 calendar quarter beginning after such election an amount
4 equal to the excess (if any) of—

5 (1) 90 percent of the qualified sick leave wages
6 paid by an employer by reason of the requirements
7 of section 2 of the Emergency Paid Sick Leave Act;
8 over

9 (2) the aggregate credits allowed under this sec-
10 tion with respect to all prior calendar quarters.

11 (b) LIMITATIONS.—

12 (1) WAGES TAKEN INTO ACCOUNT.—The
13 amount of qualified sick leave wages which may be
14 taken into account under subsection (a) for the tax-
15 able year with respect to any individual shall not ex-
16 ceed—

17 (A) for any day (or portion thereof) the in-
18 dividual is on sick leave during the taxable year,
19 \$511; and

20 (B) in the aggregate for any four consecu-
21 tive calendar quarters, \$7,156.

22 (2) CREDIT LIMITED TO CERTAIN EMPLOYMENT
23 TAXES.—The credit allowed by subsection (a) with
24 respect to any calendar quarter shall not exceed the
25 tax imposed under section 3111(a) for such calendar

1 quarter on the wages paid with respect to the em-
2 ployment of all individuals in the employ of the em-
3 ployer.

4 (3) CARRYOVER OF UNUSED CREDIT.—If the
5 amount of the credit under subsection (a) exceeds
6 the limitation of paragraph (2) for any calendar
7 quarter, such excess shall be carried to the suc-
8 ceeding calendar quarter and allowed as a credit
9 under subsection (a) for such quarter.

10 (c) QUALIFIED SICK LEAVE WAGES.—For purposes
11 of this section—

12 (1) IN GENERAL.—The term “qualified sick
13 leave wages” means wages (as defined in section
14 51(c)(1) of the Internal Revenue Code of 1986, but
15 without regard to section 3306(b)(2)(B) of such
16 Code) paid or incurred by an employer to an em-
17 ployee with respect to employment for a period dur-
18 ing which such employee is on sick leave with the
19 employer.

20 (2) ONLY ADDITIONAL PAID SICK TIME TAKEN
21 INTO ACCOUNT.—In the case of any employer with
22 a sick leave plan in effect on March 12, 2020, only
23 wages in excess of the wages the employer would
24 have otherwise paid such employee (but for section

1 2 of the Emergency Paid Sick Leave Act) under
2 such plan shall be taken into account.

3 (3) SICK LEAVE WAGES MUST MEET REQUIRE-
4 MENTS OF ACT.—Wages shall not be taken into ac-
5 count under this section unless such wages meet the
6 requirements of, and are required by, section 2 of
7 the Emergency Paid Sick Leave Act.

8 (d) SPECIAL RULES.—

9 (1) CERTAIN RULES TO APPLY.—For purposes
10 of this section, rules similar to the rules of sections
11 51(i)(1) and 52 of the Internal Revenue Code of
12 1986 shall apply.

13 (2) RELATED EMPLOYERS.—For purposes of
14 this section, all persons treated as a single employer
15 under subsection (b), (c), (m), or (o) of section 414
16 of such Code shall be treated as 1 employer.

17 (3) DENIAL OF DOUBLE BENEFIT.—No deduc-
18 tion shall be allowed under such Code for the portion
19 of wages paid or incurred for the taxable year which
20 is equal to the sum of the credits determined under
21 this section for calendar quarters ending in such
22 taxable year. Rules similar to the rules under the
23 second sentence of section 280C(a) of such Code
24 shall apply for purposes of the preceding sentence.

1 (e) TRANSFERS TO FEDERAL OLD-AGE AND SUR-
2 VIVORS INSURANCE TRUST FUND.—There are hereby ap-
3 propriated to the Federal Old-Age and Survivors Trust
4 Fund and the Federal Disability Insurance Trust Fund
5 established under section 201 of the Social Security Act
6 (42 U.S.C. 401) amounts equal to the reduction in reve-
7 nues to the Treasury by reason of subsection (a). Amounts
8 appropriated by the preceding sentence shall be trans-
9 ferred from the general fund at such times and in such
10 manner as to replicate to the extent possible the transfers
11 which would have occurred to such Trust Fund had such
12 paragraphs not been enacted.

13 (f) REGULATIONS.—The Secretary shall prescribe
14 such regulations as may be necessary to carry out the pur-
15 poses of this subsection, including—

16 (1) regulations to prevent the avoidance of the
17 purposes of the limitations and aggregation rules
18 under this subsection through the use of successor
19 companies or other means,

20 (2) regulations to minimize compliance and
21 record-keeping burdens under this subsection, and

22 (3) regulations for recapturing the benefit of
23 credits determined under this section in cases where
24 there is a subsequent adjustment to the credit deter-
25 mined under subsection (a).

1 (g) TERMINATION.—This section shall not apply to
2 any wages paid more than 2 years after the date of the
3 effective date of the Emergency Paid Sick Leave Act.

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