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IRS Requires W-2 Reporting for FFCRA Leave Pay

Background

Since the Families First Coronavirus Relief Act (FFCRA) was signed into law on March 18, 2020, employers across the country have scrambled to implement, fund, and track the act's paid sick leave and extended family and medical leave provisions. The IRS and Treasury Department have now issued a joint notice requiring employers to report any wages paid out for FFCRA paid leave on the employee's form W-2.

Please find the full notice [here](#) and read our summary below.

Summary

On July 8, 2020, the IRS and Treasury Department issued Notice 2020-54, entitled Guidance on Reporting Qualified Sick Leave Wages and Qualified Family Leave Wages Paid Pursuant to the

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Families First Coronavirus Response Act. According to this notice, employers should report any wages paid to an employee for FFCRA leave on that employee's form W-2. These wages can be listed in Box 14 (labeled "Other") or in a separate statement attached to the form W-2. Self-employed individuals are also subject to this reporting requirement if they take paid leave under the FFCRA. The purpose of this requirement is to effectively document all wages paid out for paid leave and allow employers, including self-employed individuals, to claim tax credits for these wages.

Employer Next Steps

- If your organization is subject to the FFCRA, make sure that you are effectively tracking any qualified leave taken by employees under the FFCRA and including that information on each employee's form W-2.
- If you are a Full-Service or Managed Payroll client, ADP will handle the W-2 new reporting requirements under the new FFCRA for you, if you have worked with the HR Knowledge team to set-up your FFCRA policies and we are actively tracking them in the ADP system.
- If you are a Full-Service or Virtual HR client and would like our assistance with updating your FFCRA leave policies, please [email us](#).

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