

Using QuickBooks to track and pay leave under the Family First Coronavirus Response Act (FFCRA).

Types of Paid Leave:

1. Sick leave
 - a. Employee quarantined by order of Federal or State government
 - b. Employee quarantined by order of a health care provider
 - c. Employee experiencing symptoms and is seeking medical diagnosis
 - i. Up to 2 weeks (80 hrs) paid sick leave at regular rate of pay, up to \$511/day, \$5,110 maximum
2. Family leave
 - a. Employee is caring for a person under quarantine by order of Federal or State government
 - b. Employee is caring for a child because school is closed, child care is unavailable due to Covid-10 precautions
 - i. Up to 2 weeks (80 hrs) paid sick leave at 2/3 of regular rate of pay, up to \$200/day, \$2,000 maximum
3. Expanded family and medical leave
 - a. Employee must have been on the job for at least 30 days
 - b. First 10 days can be unpaid or paid if using emergency paid sick leave provision (employer can require employee to use accrued PTO)
 - i. Up to 10 weeks paid sick leave at 2/3 of regular rate of pay, up to \$200/day, \$10,000 maximum

If you sponsor a qualified health care plan, you may also qualify for the per-day cost of health insurance.

- Health insurance must be offered pre-tax (section 125 cafeteria plan) to your employees
 - Contributions to H.S.A., H.R.A, F.S.A do not count
- Total (employee pre-tax **and** employer) of health insurance cost is eligible for the credit

To confirm you qualify for these credits, visit the following websites:

<https://www.dol.gov/agencies/whd/pandemic/ffcra-questions>

<https://www.irs.gov/newsroom/covid-19-related-tax-credits-for-required-paid-leave-provided-by-small-and-midsize-businesses-faqs>

Important: *If you previously set up any paid leave items under the FFCRA before tax table 22013, you will need to make sure you're not set to pay the Employer Portion of Social Security for your new FFCRA payroll items.*

1. Select **Employee** at the top of the menu
 2. Scroll down to *Manage payroll items, Edit/view payroll items* then select one of the *National Paid Leave items* you set up.
 3. Select *Next*, until you come to the *taxability screen*, the select *default* button. This will set your *taxability* to *unmark Employer Social Security*.
 4. Repeat for all *National Paid Leave additions* you set up.
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- A. Download the current payroll tax table (220013)
 1. Click *Employees* on the top menu bar
 2. Click *Get Payroll Updates*
 3. Click *Download* the entire payroll update
 4. Click the *Update* button, close when done

- B. Create a new liability account:
1. Click Lists on the top menu bar
 2. Click Chart of Accounts
 3. Click the Account dropdown (or right click in the list), click New
 4. Click Other Account Types, choose Other Current Liability from the dropdown list
 5. Click Continue
 6. Enter “[Covid-19 Liability](#)” in the Account Name field, complete any additional information that you track (account number, description, etc.)
 7. Click Save and Close

Enter the following payroll items as needed

- C. Set up new payroll item:
1. Click Lists on the top menu bar
 2. Click Payroll Item List
 3. Click the Payroll Item dropdown (or right click in the list), click New
 4. Click Custom Setup, Next
 5. Click Addition, Next
 6. Enter “[National Paid Leave-Employee](#)” in the Name field, Next
 7. Enter “Covid-19 Liability” as the account, Next
 8. Tax Tracking Type, choose National Paid Leave-Emp from the dropdown list, Next
 9. Taxes window, no changes, Next (Social Security Company should be **unchecked**)
 10. Calculate based on quantity window, click Calculate this item based on quantity, Next
 11. Default rate and limit window, leave rate at 0.00, enter \$5,110.00 as the limit, change limit type to One-time limit, click Finish
- D. Follow the same instructions as in C. except:
1. Enter “[National Paid Leave-Family](#)” in the Name Field
 2. Tax Tracking Type, choose National Paid Leave-Family from the dropdown list, Next
 3. Default rate and limit window, leave rate at 0.00, enter \$2,000.00 as the limit, change limit type to One-time limit, click Finish
- E. Follow the same instructions as in C. except:
1. Enter “[National Paid Leave FMLA](#)” in the Name Field
 2. Tax Tracking Type, choose National Paid Leave-FMLA from the dropdown list, Next
 3. Default rate and limit window, leave rate at 0.00, enter \$10,000.00 as the limit, change limit type to One-time limit, click Finish
- F. Set up new payroll item:
1. Click Lists on the top menu bar
 2. Click Payroll Item List
 3. Click the Payroll Item dropdown (or right click in the list), click New
 4. Click Custom Setup, Next
 5. Click Company Contribution, Next
 6. Enter “[National Paid Leave-Health Ins](#)” in the Name field, Next
 7. Agency for company-paid liability window, leave name and number fields blank, Liability account: enter the expense account you code your health insurance to. Expense account, enter “Covid-19 Liability”, Next

8. Tax Tracking Type, choose National Paid Leave-Health from the dropdown list, Next
9. Taxes window, no changes, Next
10. Calculate based on quantity window, click Neither, Next
11. Default rate and limit window, no changes, click Finish

The following payroll items must be added

G. Set up new payroll item

1. Click Lists on the top menu bar
2. Click Payroll Item List
3. Click the Payroll Item dropdown (or right click in the list), click New
4. Click Custom Setup, Next
5. Click Company Contribution, Next
6. Enter “National Paid Leave-Medicare” in the Name field, Next
 - i. Agency for company-paid liability window, leave name and number fields blank, Liability account, enter the account where the employer portion of Medicare tax posts (if you are not sure, click Cancel; in the payroll item list, double click Medicare Company, click Next until you get to the Expense Account window, this is the account you will use), in the Expense account, enter “Covid-19 Liability”, click Next
7. Tax Tracking Type, choose National Paid Leave-Medicare from the dropdown list, click Next
8. Taxes window, no changes, Next
9. Calculate based on quantity window, click Neither, Next
10. Default rate and limit window, no changes, click Finish

H. Set up new payroll item:

1. Click Lists on the top menu bar
2. Click Payroll Item List
3. Click the Payroll Item dropdown (or right click in the list), click New
4. Click Custom Setup, Next
5. Click Other Tax, Next
6. Other Tax window, choose National Paid Leave Credit from the dropdown list, Next
7. Enter “National Paid Leave Credit” in the Name field, Next
8. Agency for company-paid liability window
 - i. Name of the agency: enter vendor you make your 941 payment to
 - ii. Liability account: enter “Covid-19 Liability”
 - iii. Expense account: enter “Covid-19 Liability”, answer Yes to the message
 - iv. Next
9. Taxable compensation window, no changes, Next
10. Pre-tax deductions, no changes, Finish

I. Run your payroll, for those employees receiving paid leave, Open Paycheck Detail

1. Other Payroll Items, enter National Paid Leave-xxxx (if your employee has a retirement plan, make sure that the National Paid Leave item is listed *above* the retirement plan item), enter the hourly rate in the Rate column and number of hours of leave in the Quantity column 40
2. Enter National Paid Leave-Health Ins and the amount in the Rate column (if applicable)

3. Enter National Paid Leave-Medicare, calculate 1.45% of the *paid sick leave wages* and enter the amount in the Rate column. Do not include any other wages in the calculation.
 4. Click OK
- J. Run a report to show the amount of your credit
1. Click Lists on the top menu bar
 2. Click Chart of Accounts
 3. Right click on "Covid-19 Liability", click Quick Report (last option)
 4. Change the date range to the paycheck date
 5. The total Amount is the amount of your credit
- K. Pay Liabilities
1. Click Employees on the top menu bar
 2. Click Payroll Center
 3. Click the Pay Liabilities tab
 4. Click the Federal 941/944/943 payment (or Create Custom Payments)
 5. Click View/Pay
 6. Scroll down on the Payroll Liabilities tab to the next blank line, enter "National Paid Leave Credit"
 7. Enter the amount from step K. as a *negative* amount by using the "-" sign
 8. Click the button "Recalculate"
 9. If the credit is more than the 941 amount owed, enter the 941 total

As QuickBooks updates their payroll tax tables to keep up with the emerging changes, these instructions may become obsolete. These instructions were written in conjunction with the QuickBooks 22013 tax table.