

IRS Issues Paid Family and Medical Leave Tax Credit FAQs

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Under the American Tax Cut and Jobs Act (the “**Act**”), employers may claim a tax credit for providing paid family and medical leave to certain qualifying employees during 2018 and 2019. This paid leave program must permit qualifying employees to take leave for the reasons permitted under the federal Family and Medical Leave Act (“**FMLA**”), but employers do not have to be subject to FMLA in order to qualify for the tax credit. We previously provided details about this tax credit as part of our [discussion of employee compensation and benefits changes](#) under the Act. The IRS recently issued a series of frequently asked questions (“**FAQs**”) regarding this tax credit, including FAQs addressing requirements for an employer’s program to qualify for the tax credit, qualifying employee eligibility, and how the tax credit is calculated. The FAQs also indicate that an employer cannot claim this tax credit for providing paid leave and also take a tax deduction for compensation paid to the affected employee while on leave. Any employer that intends to claim this tax credit for providing paid family and medical leave should review the Act’s requirements and the FAQs to ensure the employer’s program satisfies all of the necessary requirements. [View the IRS -- Employer Credit for Paid Family and Medical Leave FAQs](#).