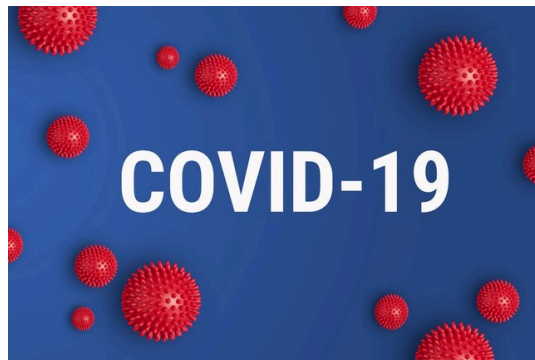


The American Rescue Plan Act of 2021: What's in it for Employers?

Labor & Employment Law Update

By Kelly Haab-Tallitsch on March 11, 2021



Almost one year after the enactment of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), and with the second extension of pandemic unemployment assistance about to expire for millions of workers on March 14, 2021, the American Rescue Plan Act of 2021 (the "Act") was signed into law by

President Biden on Thursday afternoon, March 11, 2021.

The estimated cost of the Act is \$1.9 Trillion, with \$1,400 Recovery Rebate checks for each qualifying individual, the extension of supplemental unemployment benefits through September 6, 2021, as well as billions in new or additional relief for various industries, such as education, transportation and infrastructure, aviation/airlines, health care, shuttered venues, restaurants, and state and local governments.

Several provisions of the Act are potentially available for employers of various sizes across all industries. Some key non-industry specific provisions are set forth below.

Premium Assistance for Cobra Continuation Coverage for Individuals and Their Families

Remember the COBRA Subsidy implemented years ago where individuals had 85% of their premiums covered? The Act invokes similar assistance for individuals. However, this time the amount covered for individuals is set at 100%. It generally applies to premiums due related to coverage periods from April 1, 2021 through September 30, 2021. Employers will be required to notify employees about the availability of the premium assistance and the expiration date. The Secretary of Labor is required to produce model notices, with the initial

model notice of availability to be provided within 30 days of the Act's enactment. The 100% premium subsidy will be reimbursed to employers through their quarterly payroll tax returns.

Extension of Employee Retention Credit

The Employee Retention Credit was recently extended and amended as part of the Consolidated Appropriations Act of 2021 (enacted during the last week of December 2020). The Act further extends the availability of the credit for wages paid through December 31, 2021. As a reminder, we explained the prior expansion to the Employee Retention Credit previously.

Extension of Tax Credits ONLY for Paid Leave under the FFCRA

In the last round of stimulus legislation, the tax credit for paid leave under the ***Families First Coronavirus and Response Act ("FFCRA")*** was extended through March 30, 2021. However, the extension was not mandatory and maximum leave allowances were not reset, meaning an individual that had already exhausted available amounts in 2020 was not entitled to further time off regardless of whether an employer continued to make the leave available on a voluntary basis. We previously explained the extension in a recent blog post.

Employers that are contemplating, or already, providing paid time off for employees to obtain the vaccine, now potentially have assistance funding that leave. The American Rescue Plan extends the availability of the tax credits for paid sick or family leave through September 30, 2021, and the maximum amount of tax credits that an employer can claim for each employee will reset on April 1, 2021. This reset allows an employee who exhausts the maximum leave through March 31, 2021 to be able to utilize additional FFCRA leave on April 1, 2021 through September 30, 2021, provided the employer continues to voluntarily allow the use of FFCRA leave. In addition, two new permitted reasons for paid sick leave are added where: (1) an "...employee is seeking or awaiting the results of a diagnostic test, for, or a medical diagnosis of, COVID 19 and such employee has been exposed to COVID-19 or the employee's employer has requested such test or diagnosis;" and (2) "the employee is obtaining immunization related to COVID-19 or recovery from any injury, disability, illness, or condition related to such immunization..."

Optional Expansion of Limits under Dependent Care Flexible Spending Account Plans

Employers that offer dependent care flexible spending account plans may increase the maximum deferrals under the plan to slightly more than double the normal deferral limit. This is for the 2021 plan year only. This translates to a maximum deferral for a married couple in the amount of \$10,500 and \$5,250 for an individual.

The
American
Rescue Plan
Act of 2021:
What's in it
for Employ-
ers?

For further information, register to attend Amundsen Davis's complimentary webcast on March 23rd at noon CST: American Rescue Plan: What Employers Must Know Now.

SHARE THIS:

The
American
Rescue Plan
Act of 2021:
What's in it
for Employ-
ers?