

LEGAL UPDATE

IRS Adds to FAQs on Tax Credits for Leave Under FFCRA and ARPA

On March 3, 2022, the IRS issued four new answers to frequently asked questions (FAQs) about tax credits for employee leave taken under the Families First Coronavirus Response Act (FFCRA) and the American Rescue Plan Act (ARPA). The new FAQs concern employer and employee reporting of wages for leave taken under the FFCRA and ARPA during different periods.

New FAQs on Leave Taken Under the FFCRA

IRS [Fact Sheet 2022-16](#) adds two FAQs about tax credits for FFCRA paid leave taken **before April 1, 2021**:

- FAQ 54g addresses when employers claiming tax credits for wages paid after 2021 for leave taken from **April 1, 2020 through March 31, 2021**, must provide employees a Form W-2c to correct wages reported on the employee's 2020 or 2021 Form W-2.
- FAQ 65c explains when a self-employed individual in receipt of a Form W-2c from their employer correcting wages paid for this period must file an amended tax return.

New FAQs on Leave Taken Under the ARPA

IRS [Fact Sheet 2022-15](#) adds two similar FAQs about tax credits for paid leave, but for leave taken under the ARPA **after March 31, 2021**:

- FAQ 98a explains when an employer claiming tax credits for wages paid after 2021 for leave taken **from April 1 through Sept. 30, 2021**, must provide employees a Form W-2c to correct the wages on the employee's 2021 Form W-2.
- FAQ 116a addresses when a self-employed individual in receipt of a Form W-2c correcting wages received for this period must file an amended tax return.

Highlights

- The IRS has released four new FAQs on tax credits for paid leave under the FFCRA and ARPA.
- Two of the questions address employers' obligation to furnish a Form W-2c to correct wages reported on an employee's W-2.
- The other two questions concern a self-employed individual's obligation to file an amended tax return if they receive a Form W-2c from an employer.

The four new FAQs address reporting obligations of employers and self-employed individuals.

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