



What Is The FFCRA Tax Credit — Families First Coronavirus Response Act?

Get a tax refund for your sick days.

If you missed work due to COVID-19-related reasons, the government wants to pay you back—even if you were self-employed. You may be eligible for a tax credit from the Internal Revenue Service (IRS)—and this credit is available now, retroactively, for lost income/work in 2020 and 2021.

The Family First Coronavirus Response Act, also called FFCRA, was signed into law in March 2020, and among other things, addressed paid sick leave and unemployment benefits. One of the many benefits of the FFCRA was that it provided tax credits to eligible self-employed individuals including 1099 and gig workers, for sick days and family leave related to COVID-19 pandemic.

This tax credit is different from a deductible, as it directly reduces the total tax owed to the IRS. You can apply for this credit retroactively for 2020 and 2021, which means you could still receive a check in the mail if you haven't already claimed it.

What is the FFCRA tax credit for self-employed individuals?

The FFCRA is widely known among employers with W-2 employees, as they can provide paid time off or sick leave to their workers based on specific circumstances outlined in the following section. However, many self-employed individuals, such as 1099 contractors or consultants, may not be aware that they are also eligible for this COVID-19 tax credit, and it can be applied retroactively.

How does the FFCRA work?

The FFCRA is a tax credit that allows employers to get reimbursed for time you weren't able to work due to the effects of COVID-19. Here are some of the reasons you could qualify. They don't all have to apply to you, but if one or more of these things happened to you, you are likely eligible. You should apply if missed work because you were:

1. Following a federal, state, or local quarantine or isolation order
2. Advised by a healthcare provider to self-quarantine
3. Experiencing coronavirus symptoms and were seeking a medical diagnosis
4. Caring for a child or other individual, who was subject to a government-issued or self-quarantine restriction, as described in #2
5. Caring for a child whose school or daycare was closed or unavailable
6. Obtaining a COVID-19 vaccination
7. Recovering from illness related to the COVID-19 vaccine
8. Seeking or waiting for the results from a COVID-19 test



Note: Criteria 6-8 only apply from April 1, 2021, through September 30, 2021.

If you were an employee on the W2 form in 2020 or 2021, your employer might have already claimed the maximum credit, making you ineligible. However, if you were both self-employed and a W2 employee, you could qualify for a tax credit under FFCRA, provided your employer didn't already claim the maximum FFCRA tax credit.

How much money will I get from the FFCRA as a 1099 contractor or self-employed individual? If eligible, you can receive up to a maximum of \$32,220 in tax credits, which consists of:

For the period of April 1, 2020, through March 31, 2021:

10 days of emergency paid sick/family/medical leave

- Taking care of yourself: Claim the lower of either your average daily self-employment earnings or \$511 per day
- Taking care of someone else: Claim the lower of either 67% of your average daily self-employment earnings or \$200 per day

50 days of emergency paid sick/family/medical leave

- Daycare or school closure: Claim the lower of either 67% of your average daily self-employment earnings or \$200 per day

For the time period of April 1, 2021 – September 30, 2021, you may receive an additional 10 days of paid sick leave and 60 days of family leave.

Am I eligible for the FFCRA credit? You might qualify if you:

1. Were a 1099 contractor or self-employed individual anytime between March 2020-September 2021;
2. AND Took unpaid sick leave to care for yourself or a family member;
3. OR Had to stay home to provide childcare due to a government-issued or self-quarantine restriction.



How will I receive my COVID-19 FFCRA credit?

Most applicants will have the option to receive a direct deposit via ACH for 2021 tax returns. For 2020 returns, the tax credit amount will be delivered via a mailed check from the IRS. (Disclaimer: delivery method is dependent on not having any outstanding tax liabilities.)

What are the qualifying reasons an employee may take COVID-related paid leave under ARPA?

Under ARPA, employees whose employers voluntarily offer coronavirus-related paid leave may be eligible for paid time off if the employee is:

- Subject to a quarantine or self-isolation order.
- Advised by a medical provider to self-quarantine.
- Symptomatic for COVID-19 and is seeking medical help.
- Caring for someone else who is quarantining or self-isolating.
- Caring for a child whose school or daycare is closed or whose care provider is otherwise unavailable because of COVID-19.

The preceding reasons were also part of FFCRA. ARPA added some additional qualifying reasons employees may take coronavirus-related paid leave, including when the employee is:

- Obtaining a COVID-19 vaccine.
- Recovering from side effects related to the vaccine.

- Seeking or awaiting results from a COVID-19 test at the employer's request or because the employee was potentially exposed to the virus.



Sounds too good to be true?

It's real! The FFCRA is straight from Congress and was designed to help support the self-employed (sole proprietors, freelancers, gig workers, independent business owners) like you build back better. Whether you're looking to get things back on track from COVID or are ready to take your work to the next level, the FFCRA was designed to help **you**.

But if you've never heard of this, we're not surprised.

Research shows over 80% of self-employed individuals are **unaware** they're entitled to the FFCRA tax credits. Originally created for employers and their employees, Congress expanded the FFCRA Act to include self-employed persons for the first time (Sections 7002(a) and 7004(a) of Public Law No. 116-127).

Act Fast

For a refund on your 2020 taxes, the deadline to amend your return is April 15, 2024. To file for a refund on your 2021 taxes, you have until April 15, 2025.

See if you qualify in 10 easy questions!

Fields marked with an * are required

NAME *
EMAIL *
PHONE *

ARE YOU SELF-EMPLOYED (E.G. SOLE PROPRIETOR, 1099 CONTRACTOR, FREELANCER, SINGLE-MEMBER LLC, GIG WORKER)?

Yes No

DID YOU FILE A SCHEDULE SE (SELF-EMPLOYMENT TAX) FORM WITH YOUR TAX RETURNS IN 2020 OR 2021?

Yes No

DID YOU HAVE POSITIVE NET EARNINGS IN YOUR SCHEDULE SE FOR EITHER 2020 OR 2021? (THIS CAN BE FOUND IN LINE 6 OF YOUR SCHEDULE SE)

Yes No

DID YOU MISS SELF-EMPLOYMENT WORK IN 2020 OR 2021 DUE TO COVID-RELATED ISSUES?



Yes No

HAVE YOU ALREADY FILED FOR SICK AND FAMILY LEAVE DAYS FOR EITHER 2020 OR 2021?

Yes No

DURING 2020 OR 2021, DID YOU HAVE A CHILD ENROLLED IN SCHOOL AND/OR REQUIRED CHILDCARE?

Yes No

ARE YOU ALSO A W-2 EMPLOYEE?

Yes No

HOW MANY DAYS WERE YOU AFFECTED BY COVID BEING FORCED TO QUARANTINE?

HOW MANY DAYS DID YOU LOOK AFTER A FAMILY MEMBER WHO WAS SICK WITH COVID WHILE YOU WERE HEALTHY?

HOW MANY DAYS WERE YOUR CHILDREN EFFECTED BY COVID?

Frequently Asked Questions

WHAT DATES ARE ELIGIBLE FOR FFCRA INCOME TAX CREDITS?

The dates you can claim under FFCRA income tax credit are between April 1, 2020 – March 31, 2021 and up to 10 days for dates between April 1, 2021 – September 30, 2021.

Here is a breakdown of the days:

Childcare related time off – up to 110 days

- 50 days between April 1, 2020 and March 31, 2021
- 60 days between April 1, 2021 and September 30, 2021



Yourself or loved one (other than child) – up to 20 days

- 10 days between April 1, 2020 and March 31, 2021
- 10 days between April 1, 2021 and September 30, 2021

WHAT QUALIFIES AS A REASON FOR CLAIMING FFCRA?

To qualify for FFCRA credits you must have missed work because of COVID-related issues. If you were unable to work because of one of these reasons, you may be eligible:

- A government agency imposed a quarantine or isolation order.
- Your doctor recommended you self-quarantine.
- You were having COVID-19 symptoms while also waiting for an appt with your doctor.
- You were waiting for COVID-19-related test results.
- You were getting vaccinated against COVID-19
- You were experiencing side effects from the COVID-19 vaccine.
- You took care of your children who were affected by school or daycare shutdowns.
- You took care of someone else/family members who had COVID-19 issues.

HOW IS THE CREDIT AMOUNT DETERMINED?

Self-employed individuals are eligible for FFCRA credit if they are out of work (or telework) due to government quarantine orders, self-quarantine, COVID-19 symptoms and seeking medical diagnosis.

The credit is calculated by multiplying the number of days on leave and taking whichever amount is smaller:

- Your average daily self-employment income of year or:
- \$511.

If you are unable to work (or telework) to take care of a family member who is under quarantine or to take care of a child whose child care is unavailable, you are still eligible for this credit.

The credit is calculated by multiplying the number of days on leave and taking whichever amount is smaller:

- $\frac{2}{3}$ of your average daily self-employment income or :
- \$200.



We will use line 6 of the Schedule SE on your personal tax return to determine your annual pay, that is then divided by 260 (Considered the standard amount of working days in a year) to calculate your daily rate.

From there, we must determine which reason the leave was taken and that will decide what rate can be paid for the dates being claimed. For self leave, we claim your full daily rate up to \$511/day. Family or childcare leave is calculated as 2/3rds of your pay up to \$200/day.

HOW LONG DOES IT TAKE TO RECEIVE FUNDS?

It can take up to three weeks for the IRS to acknowledge the acceptance of your FFCRA credit application and up to 20 weeks from that acceptance to receive your refund via check or direct deposit.

HOW MUCH IS THE FFCRA CREDIT?

The total FFCRA Tax credit can be up to \$32,200.00 and is based on your net earnings in 2020 and in 2021. You will have to calculate your daily average of self-employment income. This is your net earnings for the taxable year divided by 260 (the standard recognized amount of working days in a year). This allows the IRS to estimate how much you lost in wages for every day you were not able to work.

WHAT DOES IT MEAN TO BE SELF-EMPLOYED?

A self-employed person in the United States, as defined by the Internal Revenue Service (IRS), is generally considered someone to who the following applies:

- You carry on a trade or business as a sole proprietor or an independent contractor.
- You are a member of a partnership that carries on a trade or business.
- You are otherwise in business for yourself (including a part-time business or a gig worker).

WHAT IS THE DEFINITION OF A DEPENDENT?

The IRS defines a dependent as either a qualifying child or relative of the taxpayer. The relative can be your child, stepchild, foster child, sibling, parent, grandparent, grandchild, aunt, uncle, niece, nephew, or certain in-law relationships.

The Child Tax Credit helps families with qualifying children get a tax break. To have received a Child Tax credit or a credit for other dependents, you would have had to submit a Schedule 8821.



A child must have lived with you for more than half of the tax year. Temporary absences, such as for education or medical care, are generally counted as periods of living with you. You must have provided more than half of the relative's total support during the tax year. The relative's gross income must be below a certain threshold determined annually by the IRS (subject to change). It's important to note that these are just general guidelines, and there may be additional rules and exceptions. The IRS provides detailed information in publications such as IRS Publication 501.

Examples of a Dependent:

- Child
- Parent
- Brother/Sister
- Stepparent/Stepchild
- Adoptive Daughter/Adoptive Son
- Stepbrother/Stepsister
- Half Brother/Half Sister
- Grandparent/Grandchild
- Son-in-law/Daughter-in-law
- Mother-in-law/Father-in-law
- Brother-in-law/Sister-in-law
- Uncle/Aunt
- Niece/Nephew

DO I QUALIFY FOR FFCRA INCOME TAX CREDIT IF I ALREADY RECEIVED UNEMPLOYMENT BENEFITS?

No. You cannot claim double benefits on days you already received payments from unemployment insurance claims.

DO WEEKENDS COUNT?

If your standard work day includes a weekend day, or your child was in school or daycare during a weekend, then you may include them. If you normally don't work on weekends or your child does not go to school on weekends, you cannot claim credits for weekends that they would not have worked or taken leave anyway. The credits are only available for the days that you would have worked or taken leave if not for the COVID-19-related reasons.