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IRS Issues COVID-19 Tax Credit Details and Instructions



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As discussed in two previous articles on [payroll tax credits for sick and family leave](#) and [CARES Act tax relief](#), eligible employers are entitled to claim an employment tax credit for qualified sick and family leave wages and the qualified wages eligible for the employee retention credit. As a result, the IRS has issued Form 7200, Advance Payment of Employer Credits Due to COVID-19, and instructions for that form.

Employment taxes that are available for the credits include:

- Withheld federal income tax
- Employee share of social security and Medicare taxes
- Employer share of social security and Medicare taxes with regard to all employees

Eligible employers who pay qualified sick and family leave wages or qualified wages eligible for the employee retention credit should retain such amounts of qualified sick and family leave wages (plus certain health plan expenses and the employer's share of the Medicare taxes on the qualified leave wages) and their employee retention credit rather than depositing the amounts with the IRS when filing their employment tax returns. If the amount of qualified sick and family leave wages or qualified wages eligible for the employee retention credit *exceeded* the amount of the employment taxes available to retain, employers may use Form 7200 to request an advance payment from the IRS. Form 7200 may not be used to request advance payments for self-employed individuals.

Form 7200 may be filed any time before the end of the month following the quarter in which you paid the qualified wages and may be filed several times, if necessary. Form 7200 may not be filed after an employer files Form 941 for the fourth quarter of 2020, or files Form 943, 944, or CT-1 for 2020.

If you have additional questions or information about Form 7200 or tax credits, please contact a member of Gould & Ratner's [Tax Planning and Compliance Practice](#).

Resources

[Form 7200](#) and [accompanying instructions](#)

[COVID-19-Related Tax Credits for Required Paid Leave Provided by Small and Midsize Businesses FAQs](#)

[FAQs: Employee Retention Credit under the CARES Act](#)