



Phone: 801 546 6004
Fax: 801 544 0460
393 W. Gordon Avenue
PO Box 336
Layton UT 84041

FFCRA QUALIFIED HEALTH PLAN EXPENSE TAX CREDITS

As you will recall from the document we shared with you on the FFCRA (Families First Coronavirus Response Act), the focus was centered around the different types of leave an employee could be eligible for, as well as the fact that tax credits could be used to offset company expenses related to that leave. The tax credits themselves and everything related to how they could be used, was still a work in progress.

Last week the Internal Revenue Service issued guidance on these credits, which I would like to make you aware of:

- Tax credits can be used for Qualified Health Plan Expenses (QHPE). These include pre-tax payments such as health, dental and vision premiums.
- Employers contributing to an Employee Assistance Program, Flexible Spending Account or Health Reimbursement Arrangement can also claim those costs. Health Savings Account contributions are not allowed.

This news can be significant for employers who are taking advantage of the carrier's flexibility in maintaining coverage as regular for employees in a furlough status. Continuation of coverage and covering premiums in full (as many are) provides the opportunity to use tax credits for reimbursement. This additionally takes the employer out of the mode of determining how to have employees reimburse their portion once the pandemic subsides, and things are back to normal.

As an employer, calculations are based on the **average annual premium** which determines the QHPE credit, and we are here to assist! Please contact your FBA service representative who has a method of simplifying this process and providing the calculation for you.

To receive FFCRA tax credits, employers should claim all on their 941, thus reducing their regular tax deposit. If an employer feels that there are not enough funds to make them whole within the 941, then advanced credits can be applied for using form 7200. Forms can be found at:

<https://www.irs.gov/pub/irs-pdf/f7200.pdf>

Please remember that our website has been updated almost daily, and in my opinion is the best on the web to fully integrate all the information relating to the COVID-19 pandemic. You will literally find everything you are possibly looking for including our internal documents, government sites and few things to lighten your day if you are in such a mood. Please visit below:

<https://www.fbabenefits.com/coronavirus/>

It is our hope that you; your family and co-workers are staying healthy and safe as we enter what appears to be the cresting of this pandemic. If something else significant comes out of Washington, we will send an update to you.

Ernie Sweat, CEBS