

Credits for Sick Leave and Family Leave for Certain Self-Employed Individuals 2020 and 2021 only

Under the Families First Coronavirus Response Act and the American Rescue Plan Act, **certain self-employed individuals may receive a refundable credit for sick leave** up to certain maximums in 2020 and 2021 to replace "average daily self-employment income"¹ **if they were unable to work or telework because the individual:**

1. was subject to a Federal, State, or local quarantine or isolation order related to COVID-19;
2. had been advised by a health care provider to self-quarantine due to concerns related to COVID-19; or
3. was experiencing symptoms of COVID-19 and seeking a medical diagnosis,

and/or up to an additional 50 days of family leave credit because the individual:

1. was caring for an individual who is subject to a Federal, State, or local quarantine or isolation order related to COVID-19, or has been advised by a health care provider to self-quarantine due to concerns related to COVID-19;
2. was caring for a child if the child's school or place of care has been closed, or child care provider is unavailable due to COVID-19 precautions; or
3. was experiencing any other substantially similar condition specified by the Secretary of Health and Human Services in consultation with the Secretary of the Treasury and the Secretary of Labor.

If the individual also received sick or family leave pay as employee, this credit must be reduced for those payments (this will be shown on W-2's in Box 14 or on separate statements).

For 2020: Qualifying days must be between from April 1, 2020 through December 31, 2020 to a maximum of 10, and **if receiving employee sick or family leave pay, must be different days than those for which they received the sick or family leave pay.**

For 2021: Qualifying days must be in any or both of two periods: January 1st to March 31st, 2021 and April 1st to September 30th, 2021. **If receiving employee sick or family leave pay, these days must be different days than those for which they received the sick or family leave pay.** If the taxpayer claimed the credit in 2020, the number of days in the first time period of 2021 cannot exceed any remaining days leftover to make a maximum of 10 for both 2020 and the first quarter of 2021.

This information is **reported on Form 7202**. If Form 7202 is not included and the credit is claimed, the IRS will correspond for an explanation and the refund will be held.

¹ For example, if the individual was self-employed for the entire year, their self-employment net income from Schedule C divided by 260 days would be their "average daily self-employment income".