Delaware Unemployment Guidance During COVID-19

The new unemployment insurance guidelines are as follows:

- Workers will be eligible to receive unemployment benefits if an employer needs to curtail or shut down operations temporarily because of the governor's state of emergency declaration or the coronavirus outbreak.
- A worker who has been ordered by a medical doctor to self-quarantine as a result, or due to risk of exposure to COVID-19, will be eligible to receive unemployment benefits.
- Parents or guardians who have been forced to quit or take unpaid leave from their jobs to care for children due to the governor's emergency closure of schools will be eligible for benefits.
- Workers who have been forced to quit or take unpaid leave to care for a loved one who has contracted COVID-19 will be eligible for benefits.
- If a worker falls ill with COVID-19 and is unable to work, they may be eligible for unemployment benefits.
- Part-time workers may be eligible for benefits.
- The definition of weekly work search requirements will expand to include a wide variety of activities that meet the requirement.
- Unemployment insurance deadlines may be modified for mandatory appointments, applying for training programs or mandatory re-employment service appointments and workshops.

For more information, please visit https://tinyurl.com/dolunemploymentcovid19

Small Business Tax Credits for New Paid Leave Requirements

The Families First Coronavirus Response Act, H.R. 6201 effective April 2, 2020, mandates that employers with 500 or fewer employees are required to provide two workweeks of paid sick leave to full time employees taking leave for purposes related to COVID-19. The legislation also expands job-protected Family and Medical Leave Act (FMLA) leave for childcare responsibilities affected by COVID-19. For both paid sick and family leave, the bill includes provisions that may exclude healthcare providers, emergency responders, and employees in certain small businesses from leave requirements.

To help alleviate some of the burden of the leave requirement on employers, the newly enacted legislation provides business tax credits. This credit is for small nonprofit and for-profit businesses with fewer than 500 employees. Those with fewer than 50 may claim an exemption.
How it works:

- Employers will be required to initially pay for the new sick and family leave benefits, but a large portion of the costs will be paid back through refundable tax credits against the 6.2% Social Security payroll tax imposed on employers.

- For the new sick leave benefits, the credit is limited to $511 per day per employee for workers taking leave because they are sick, have been advised to quarantine, or are experiencing COVID-19 symptoms. The credit is capped at a $5,110 total per employee. For workers who are taking leave to care for an individual with COVID-19 or related symptoms, the credit is limited to $200 dollars per day per worker. The credit is capped at a total of $2,000 per employee.

- For the expanded FMLA benefits, the credit is limited to $200 per day per employee for workers taking leave because they must care for their own child whose school or childcare has been closed due to or related to COVID-19. The credit only begins after the worker has taken 10 days off in the form of unpaid leave, paid vacation, personal leave, or another form of paid leave. The credit can't exceed $10,000 in total for any worker.

- Those self-employed can receive refundable tax credits against the self-employment tax that are similar to those allowed for employers. The credit is limited to $511 per day for sick leave and $200 per day for workers taking qualified family leave. The number of eligible days is 10 sick days per worker and 50 days for family related leave.

How to claim:

Employers will be able to reduce their semi-weekly or monthly payroll tax payments by the amount of their anticipated credit. It is likely employers will be able to begin taking advantage of the credit starting in April. Because H.R. 6201 was recently enacted on March 18, 2020, the IRS has not issued guidance on how to claim the credit yet, but they are continually updating https://www.irs.gov/coronavirus with information to help taxpayers, businesses, and others affected by COVID-19. I will continue to share updates with you as they become available. It has not yet been determined the date at which these rules and tax credits will begin. In the case that they will be retroactively applied, keep clear documentation for the paid leave you are providing: who is taking it, for how many hours, and for what reason—whether they have the virus, are quarantined as a precaution, are caring for a family member who is sick, or caring for a child who is without school or childcare.