SENATOR FISCHER'S PAID FAMILY AND MEDICAL LEAVE TAX CREDIT

In the Tax Cuts and Jobs Act, Senator Fischer created a new tax credit (Section 45S) for employers offering paid family and medical leave (PFML). The credit is for up to 25% of the wages paid to an employee on PFML, or up to 25% of the premiums paid for Paid Family Leave insurance.

To claim the credit, employers must have a written PFML policy, give employees at least two weeks of leave, and pay at least 50% of their normal wages while they are on leave. This credit is set to expire at the end of 2025.

PRO WORKING CLASS

The credit is targeted to those who are least likely to have access to PFML, low and middle-income earners.

According to the Bureau of Labor Statistics, only 6% of workers in the lowest 10% wage category have access to paid family leave, while nearly 50% of workers in the highest 10% of earners have access to paid family leave.

To ensure the credit is targeting those most in need, the credit contains an income cap, annually updated for inflation.

DRIVEN BY SMALL BUSINESS

First available in tax year 2018, uptake of the credit has steadily grown year over year. One constant is that *a majority* of the employers using the credit are small businesses with less than $25 million in revenue annually.

A recent survey among small businesses found that 60% of respondents support a business tax credit to offset the cost of providing PFML.

COMPREHENSIVE COVERAGE

45S is comprehensive in that it covers paid family leave like maternity and paternity leave but also leave to care for an ill loved one or one's own illness.

Unlike other one size fits all federal mandates that have been floated in the past, the PFML tax credit has comprehensive coverage, baked in work requirements, a proven track record, and can be made permanent for pennies on the dollar.



GROUP SUPPORT: AARP, Alzheimer's Impact Movement (AIM), American Council of Life Insurers, American Institute of Certified Public Accountants (AICPA), National Restaurant Association, National Federation of Independent Businesses (NFIB), Bipartisan Policy Center (BPC), American Caregiver Association, Society for Human Resource Management (SHRM), National Asian Pacific Islander American Chamber of Commerce and Entrepreneurship, National Association of Women Business Owners, and Sun Life U.S.

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