Pay employees under the Family First Coronavirus Response Act

Learn how to pay your employees paid leave if they've been affected by COVID-19 with QuickBooks Online Payroll.

With QuickBooks Online Payroll, you can ensure your employees have the money they need inline with the [Family First Coronavirus Response Act (FFCRA).](#) Before you can pay your employees, you'll first need to do a few things to ensure you get your employees the paid leave and you track the tax liabilities to ensure you get the proper reimbursement.

Step 1: Determine the pay leave type and hourly rate

Before you can give your employees this sick leave, you first need to figure out what pay leave type they fall under and their hourly rate.

Pay leave type

Under FFCRA, there are three different types of paid leave.

Employee National Paid Sick Leave: Your employee is sick and under quarantine with COVID-19.**Family National Paid Sick Leave**: Your employee is taking care of a family member who is sick or impacted with COVID-19.**Family Medical Leave Act Expansion Paid Leave**: Your employee is taking leave under the Family Medical Leave Act (FMLA) to care for children under 18 whose school or child care is closed because of COVID-19.

Hourly rate

In most cases, you'll pay your employee the hourly rate you've paid them over the last 6 months. However, there are a few exceptions that [are in line with the regular rate of pay under the Fair Labor Standards Act (FLSA)](#).

Employees on commission: You need to [create an hourly rate for them](#). Their hourly rate under the FFCRA needs to be equal to the commission paid over the last 6 months divided by their hours worked.

Tipped Employees: You'll need to ensure you include your employees tipped income when entering their paid leave or FMLA expansion pay. Review the amount of income they received over the last six months, and then average it out over the number of hours they worked in the same period. You'll need to change the employee's pay rate during this time and ensure you're paying them at least minimum wage required under the FLSA, your state, or local jurisdiction.

Step 2: Enter the paid leave type

Once you know what type of paid leave type is applicable to your employee's situation, set up the paid leave type in your QuickBooks.

1. Go to **Workers** and then **Employee**.
2. Select the employee you'd like to add paid leave too.
3. In the **How much do I pay an employee** section, select the **+Add additional pay types**.
4. Select the correct paid leave type as described in Step 1 under the **Families First Coronavirus Response Act** section, and select **Done**.

Step 3: Run payroll with the new pay type

Once you have the paid leave types set up, you can now run payroll and include the paid leave types on the paycheck. This allows your employee to get paid, and for you to track your tax credits to ensure you get compensated.

1. Go to **Employees** and select **Run payroll**.
2. Select a pay schedule, then **Continue**.
3. Enter the hours the employee worked and used for the paid leave in the fields.- For National Paid Sick Leave and Family pay: enter the hours the employee used- For the Family Medical Leave Act pay: enter the dollar amount if you don't have a recurring amount.
4. Select **Preview Payroll**
5. Review everything, and then select **Submit Payroll**.

Step 4: Review the effects on taxes

After you've run your payroll with the paid leave, you should be aware of how it affects your taxes. Under the FFCRA, you'll get credit towards your Federal Tax deposit for the wages paid under this act.

To ensure you've been tracking the leave correctly, you can review your payroll reports to see how many hours you've used in these tax credits. Tax credits will automatically apply to your liability.

The reports that you'll see these tax credit include:

- Payroll details report
- Payroll Summary report
- Tax Liability report