



Unemployment and FFCRA Tax Credits Extended Under American Rescue Plan Act

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President Joe Biden signed the American Rescue Plan Act (ARP) into law at the beginning of March. At \$1.9 trillion dollars, the economic stimulus provides funding to individuals, targeted companies, and municipalities. Directly relevant for employers, it also extends the availability of Pandemic Unemployment Assistance (PUA) and Families First Coronavirus Response Act (FFRCA) tax credits, originally put into place in April 2020.

Families First Coronavirus Response Act Tax Credit Extension

While many people expected Congress to pass legislation *requiring* additional paid leave, it instead chose only to extend the tax credits available under the FFCRA. As part of that expansion, Congress permitted employers to claim tax credits for an additional allotment of leave, even if employees had already taken or exhausted their original entitlement to leave under the FFCRA. In other words, employees get a new bucket of leave if employers opt to take advantage of the tax credit. Note, unused leave from before March 31, 2021, does not roll over into the new period.

Under the ARP, employers are entitled to an employment tax credit for 100% of wages paid as qualified *paid sick leave* to employees if the leave was taken between March 31, 2021 and September 30, 2021. The credit is limited to the value of 80 hours of wages. This credit is in addition to any credit claimed by employers for sick leave taken prior to March 31, 2021.

Similarly, the ARP provides an additional tax credit for 100% of wages paid as qualified *emergency family medical leave* taken during the same period. This credit is limited to either \$200 a day per employee or \$12,000 for the year per employee. This credit is also in addition to any credit for emergency family medical leave claimed by employers prior to March 31, 2021.

The ARP also updated the qualifying reasons for leave under the FFCRA. For the first time, it includes waiting for the results of a COVID-19 test, receiving a COVID-19 vaccine, or recovering from side effects related to the vaccine. Finally, the ARP provides for reimbursement of certain pension plan contributions and apprenticeship programs under a collective bargaining agreement if the contributions are allocable to qualified sick leave wages.

Employers who choose to extend the FFCRA leave entitlements to claim the tax credits will be required to abide by all the requirements of the FFCRA, including documentation. For a refresher on the FFCRA, see prior advisories.

[Employer Update: Amended "Families First Coronavirus Response Act" Signed into Law](#)

[Employer Update: DOL Releases Families First Act Regulations](#)
[DOL Responds to NY Federal Court FFCRA Decision](#)

[FFCRA Paid Leave to Expire on December 31, 2020; Tax Credits Extended Through March 2021.](#)

CARES Act Extension

The ARP also extends the availability of PUA under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

PUA benefits were originally set to expire on March 14, but the stimulus extends them through September 6, 2021. Most individuals who qualify will continue to receive \$300 per week in benefits in addition to the state benefit amount for which they qualify. However, qualifying "mixed earner" workers who lost a W-2 job and earned at least \$5,000 in self-employment may qualify for an extra \$100 per week (for a total of \$400 per week on top of the state benefit amount).

Additionally, the stimulus extends the length of time individuals may qualify for unemployment benefits to 79 weeks total.

Find additional information regarding PUA qualifications and benefits in the below articles:

[Expanded Unemployment Assistance Under the CARES Act](#)
[Updates Regarding Unemployment Assistance Under the CARES Act](#)

Biden Administration Expands Pandemic Unemployment Assistance

Tax Waiver

A new provision in the ARP waives federal taxes for the first \$10,200 that an individual (or \$20,400 that a married couple filing jointly) received in unemployment benefits in 2020. This waiver applies for individuals and married couples whose adjusted gross income in 2020 was less than \$150,000.

PUA benefits will continue to be administered by state unemployment agencies.

For more information concerning the American Rescue Plan's impact on your workforce please feel free to reach out to [Catherine Burgett](#), [Tessa Castner](#), or any member of the [Labor & Employment](#) practice group.

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