

Treasury Announces New Employer Tax Credit for Paid Family and Medical leave

September 24, 2018

Washington— The U.S. Department of the Treasury today announced that as part of the 2017 Tax Cuts and Jobs Act, eligible employers who provide paid family and medical leave to their employees during tax years 2018 and 2019 may qualify for a new business credit. Retroactive credit may also be available to employers for setting up or updating a leave policy.

“Delivering relief to hardworking taxpayers and their families was a central goal of the Tax Cuts and Jobs Act. We expanded and strengthened paid family and medical leave, which are investments in the future of our workers, families and country,” said Secretary Steven T. Mnuchin. “By enhancing the benefits of this tax credit, we help empower working parents to pursue their careers while balancing their demands at home.”

Eligible employers who set up qualifying paid family leave programs or amend existing ones may also be eligible to claim the employer credit for paid family and medical leave, retroactive to the beginning of the employer’s taxable year, for qualifying leave already provided.

The guidance released today clarifies how to calculate the credit, including the application of special rules and limitations. Generally, only paid family and medical leave provided to employees whose prior-year compensation was \$72,000 or less qualify for the credit.

[View guidance](#) 

####