



# TaxNewsFlash

United States



No. 2020-464  
July 24, 2020

## Regulations: Rules for refundable employment tax credits (COVID-19)

The U.S. Treasury Department and IRS this afternoon released for publication in the Federal Register temporary regulations (T.D. 9904) and, by cross-reference, proposed regulations (REG-111879-20) as rules for reconciling advance payments of refundable employment tax credits, as provided under legislation enacted earlier in 2020 as relief in response to the coronavirus (COVID-19) pandemic.

The *Families First Coronavirus Response Act* and the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) include a mandate for regulations to address the reconciliation of advance refundable employment tax credits provided under these acts and the recapture of the benefit of the credits (when necessary).

Read the [temporary regulations](#) [PDF 269 KB] and the [proposed regulations](#) [PDF 277 KB]

These regulations were published in the Federal Register on July 29, 2020.

In general, provisions of the Families First Act provide that if the amount of the paid sick and family leave credits exceeds the taxes imposed by Code section 3111(a) or 3221(a) for any calendar quarter, that excess amount is to be treated as an overpayment that is to be refunded pursuant to the rules under sections 6402(a) and 6413(b).

A provision of the CARES Act provides that if the amount of the employee retention credit exceeds the taxes imposed by section 3111(a) or 3221(a) (limited to the portion attributable to the rate in effect under section 3111(a)) for any calendar quarter, that excess amount is treated as an overpayment that is to be refunded under sections 6402(a) and 6413(b).

Read a related IRS release: [IR-2020-169](#) (July 27, 2020)

The information contained in TaxNewsFlash is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is

issued for general informational purposes only, is intended to enhance the reader's knowledge on the matters addressed therein, and is not intended to be applied to any specific reader's particular set of facts. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint venturers. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG's Federal Tax Legislative and Regulatory Services Group at + 1 202.533.4366, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash-United States, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)