



SCWA Legislative Update

February 22, 2021



SCWA Signs onto Letter Supporting the Death Tax Repeal Act

Dear Senator Thune and Congressman Smith:

The undersigned organizations support your bill, the *Death Tax Repeal Act*.

We appreciate your work to lead the country towards a common sense tax code that does not impose a destructive double or triple tax at death. We support full and permanent repeal of the federal estate tax for the following reasons:

Repealing the death tax would spur job creation and grow the economy. Many studies have quantified the potential job growth that would result from estate tax repeal. In 2017, the Tax Foundation found that the US could create over 150,000 jobs by repealing the estate tax. A 2012 study by the House Joint Economic Committee found that the death tax has destroyed over \$1.1 trillion of capital in the US economy – loss of small business capital means fewer jobs and lower wages. Lawrence Summers, former Secretary of the Treasury under President Clinton; Alicia Munell, member of President Clinton's Council of Economic Advisors; Joseph Stiglitz, a Nobel laureate for economics; and Douglas Holtz-Eakin, former CBO Director have all published work on the death tax's stifling effect on job growth and the economy as a whole.

The death tax contributes a very small portion of federal revenues. The estate tax currently accounts for approximately one half of one percent of federal revenue. A 2016 Tax Foundation analysis found repeal of the death tax would increase federal income taxes by \$145 billion over 10 years using a more realistic, “dynamic” economic analysis. In addition, the death tax forces family businesses to waste money on expensive insurance policies and estate planning. These burdensome compliance costs make it even harder for business owners to expand their businesses and create more jobs.

A super-majority of likely voters support eliminating the death tax. Poll after poll has indicated that a super-majority of likely voters support repealing the estate tax. Typically, two-thirds of likely voters support full and permanent repeal of the death tax. People instinctively feel that the estate tax is not fair. A 2017 NPR/Ipsos Poll found that 65 percent of respondents favored repealing the estate tax, including 51 percent of self-identified Democrats polled.

The death tax is unfair. It makes no sense to require grieving families to pay a confiscatory tax on their loved one's nest egg. Far too often this tax is paid by selling family assets like farms and businesses. Other times, employees of the family business must be laid off and payrolls slashed. No one should be punished for fulfilling the American dream.

The negative effects of the estate tax make permanent repeal the only solution for family businesses and farms. Your legislation will help America's family businesses create jobs, expand operations, and grow the economy. We thank you for your leadership on this important issue.

Signed,

SCWA; The Family Business Coalition and other trade associations



IRS Updates FAQs on Paid Sick Leave Credit and Family Leave Credit

The Internal Revenue Service posted updated FAQs about recent legislation that extended and amended tax relief to certain small- and mid-sized employers under the Families First Coronavirus Response Act (FFCRA).

The FAQs are available at [COVID-19-Related Tax Credits for Required Paid Leave Provided by Small and Midsize Businesses FAQs](#).

The updates to the FAQs cover how the COVID-related Tax Relief Act of 2020, enacted December 27, 2020, extends the availability of the tax credits created by the FFCRA to eligible employers for paid sick and family leave provided through March 31, 2021, as well as other amendments to the credits.

The paid sick and family leave credits, which previously were available only until the end of 2020, have been extended for periods of leave taken through March 31, 2021.

The paid sick leave credit is designed to allow qualified businesses – those with fewer than 500 employees and who pay “qualified sick leave wages” – to get a credit for wages or compensation paid to an employee who is unable to work (including telework) because of coronavirus quarantine or self-quarantine or has coronavirus symptoms and is seeking a medical diagnosis. Eligible employers may claim credit for paid sick leave provided to an employee for up to two weeks (up to 80 hours) at the employee's regular rate of pay up to \$511 per day and \$5,110 in total.

In addition, an eligible employer can receive the paid sick leave credit for employees who are unable to work due to caring for someone with coronavirus or caring for a child because the child's school or place of care is closed, or the paid childcare provider is unavailable due to the coronavirus. Eligible employers may claim the credit for paid sick leave provided to an employee for up to two weeks (up to 80 hours) at 2/3 the employee's regular rate of pay, or up to \$200 per day and \$2,000 in total.

Employers are also entitled to a paid family leave credit for paid family leave provided to an employee equal to 2/3 of the employee's regular pay, up to \$200 per day and \$10,000 in total. Up to 10 weeks of qualifying leave can be counted towards the family leave credit.

Eligible employers are entitled to immediately receive a credit in the full amount of the paid sick leave and family leave plus related health plan expenses and the employer's share of Medicare tax on the leave provided through March 31, 2021. The refundable credit is applied against certain employment taxes on wages paid to all employees.

Eligible employers may claim the credits on their federal employment tax returns (e.g., Form 941, Employer's Quarterly Federal Tax Return), but they can benefit more quickly from the credits by reducing their federal employment tax deposits. If there are insufficient federal employment taxes to cover the amount of the credits, an eligible employer may request an advance payment of the credits from the IRS by submitting a Form 7200, Advance Payment of Employer Credits Due to COVID-19.

