

**Section 45S, Employer Credit for Paid Family and Medical Leave
Claims, Counts and Dollars**

Internal Revenue Code Section 45S provides a tax credit for employers who provide paid family and medical leave to their employees. Eligible employers may claim the credit, which is equal to a percentage of wages they pay to qualifying employees while they're on family and medical leave. The credit is effective for wages paid in taxable years beginning after December 31, 2017, and before January 1, 2026. Table 1 shows the number of businesses claiming the 45S credit by revenue category and Table 2 shows the number of dollars claimed.

Table 1: Number of Claims (2020)

Firm size (revenue):	Goods-producing industries	Service industries
Under \$25 million	240	530
\$25 million - \$1 billion	100	180
Over \$1 billion	80	100

Table 2: Dollars of Claims (2020, millions)

Firm size (revenue):	Goods-producing industries	Service industries
Under \$25 million	\$1	\$2
\$25 million - \$1 billion	\$2	\$7
Over \$1 billion	\$51	\$38

Office of Tax Analysis
October 17, 2023

Notes:

This table includes claims made on business tax returns with tax years ending between July 2020 and June 2021.

- "Goods-producing industries" are agriculture, mining, construction, and manufacturing. "Service industries" are all other industries.
- Data exclude claims by sole proprietors due to concerns about data reliability.

In general, paid leave that is considered for the credits under sections 7001 and 7003 of the Family First Coronavirus Relief Act (and its successors) cannot also be taken into account for the purpose of the section 45S credit.

