

116TH CONGRESS
2D SESSION

H. R. 7058

To provide a payroll tax credit for certain bonuses paid to employees who worked continuously during the COVID-19 pandemic.

IN THE HOUSE OF REPRESENTATIVES

MAY 28, 2020

Mr. REED (for himself, Mr. GOTTHEIMER, Mr. SCHWEIKERT, and Mr. CUELLAR) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To provide a payroll tax credit for certain bonuses paid to employees who worked continuously during the COVID-19 pandemic.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Rewarding American
5 Workers Act of 2020”.

1 **SEC. 2. PAYROLL CREDIT FOR BONUSES PAID TO EMPLOY-**
2 **EES WHO WORKED CONTINUOUSLY DURING**
3 **THE COVID-19 PANDEMIC.**

4 (a) **IN GENERAL.**—In the case of an employer, there
5 shall be allowed as a credit against applicable employment
6 taxes for the calendar quarter which includes the last day
7 of the covered period an amount equal to 100 percent of
8 the qualified bonuses paid to eligible employees of such
9 employer during such calendar quarter.

10 (b) **QUALIFIED BONUS.**—For the purposes of this
11 section—

12 (1) **IN GENERAL.**—The term “qualified bonus”
13 means, with respect to any eligible employee of any
14 employer, a supplemental wage (within the meaning
15 of the rules and regulations under section 3402)
16 equal to—

17 (A) in the case of an eligible employee
18 whose annualized covered period wages do not
19 exceed \$55,000, an amount equal to the appli-
20 cable percentage of the wages (as defined in
21 section 3401) paid by such employer to such
22 employee during the covered period, and

23 (B) in the case of an eligible employee
24 whose annualized covered period wages exceed
25 \$55,000 but do not exceed \$99,000, \$600.

1 (2) APPLICABLE PERCENTAGE.—The term “ap-
2 plicable percentage” means, with respect to any eli-
3 gible employee of any employer, 30 percent reduced
4 (but not below zero) by 0.1 percent for each \$100
5 that the such employee’s annualized covered period
6 wages exceeds \$30,000.

7 (3) ANNUALIZED COVERED PERIOD WAGES.—
8 The term “annualized covered period wages” means,
9 with respect to any eligible employee of any em-
10 ployer, the amount of wages (as defined in section
11 3401 and determined without regard to any quali-
12 fied bonuses) which would have been paid to such
13 employee by such employer during a 365-day period
14 if such employee were paid at the same rate during
15 all of such period as such employee was paid during
16 the covered period.

17 (c) ELIGIBLE EMPLOYEE.—For purposes of this sec-
18 tion, the term “eligible employee” means, with respect to
19 any employer, any employee if—

20 (1) such employee had taxes withheld by such
21 employer under section 3101 for the entirety of the
22 covered period, and

23 (2) such employee’s annualized covered period
24 wages do not exceed \$99,000.

1 (d) COVERED PERIOD.—For purposes of this section,
2 the term “covered period” means the period beginning on
3 March 13, 2020, and ending on the earlier of July 31,
4 2020, or the end of the National Emergency Concerning
5 the Novel Coronavirus Disease (COVID-19) Outbreak.

6 (e) REFUNDABILITY.—

7 (1) CREDIT LIMITED TO EMPLOYMENT
8 TAXES.—The credit allowed by subsection (a) with
9 respect to any calendar quarter shall not exceed the
10 applicable employment taxes (reduced by any credits
11 allowed under subsections (e) and (f) of section
12 3111 of the Internal Revenue Code of 1986, sections
13 7001 and 7003 of the Families First Coronavirus
14 Response Act, and section 2301 of the CARES Act)
15 on the wages paid with respect to the employment
16 of all the employees of the eligible employer for such
17 calendar quarter.

18 (2) REFUNDABILITY OF EXCESS CREDIT.—

19 (A) IN GENERAL.—If the amount of the
20 credit under subsection (a) exceeds the limita-
21 tion of paragraph (1) for any calendar quarter,
22 such excess shall be treated as an overpayment
23 that shall be refunded under sections 6402(a)
24 and 6413(b) of the Internal Revenue Code of
25 1986.

1 (B) TREATMENT OF PAYMENTS.—For pur-
2 poses of section 1324 of title 31, United States
3 Code, any amounts due to the employer under
4 this paragraph shall be treated in the same
5 manner as a refund due from a credit provision
6 referred to in subsection (b)(2) of such section.

7 (f) OTHER DEFINITIONS.—For purposes of this sec-
8 tion—

9 (1) APPLICABLE EMPLOYMENT TAXES.—The
10 term “applicable employment taxes” means the fol-
11 lowing:

12 (A) The taxes imposed under section
13 3111(a) of the Internal Revenue Code of 1986.

14 (B) So much of the taxes imposed under
15 section 3221(a) of such Code as are attrib-
16 utable to the rate in effect under section
17 3111(a) of such Code.

18 (2) SECRETARY.—The term “Secretary” means
19 the Secretary of the Treasury or the Secretary’s del-
20 egate.

21 (3) OTHER TERMS.—Except as otherwise pro-
22 vided in this section, any term used in this section
23 which is also used in chapter 21 or 22 of the Inter-
24 nal Revenue Code of 1986 shall have the same
25 meaning as when used in such chapter.

1 (g) AGGREGATION RULE.—All persons treated as a
2 single employer under subsection (a) or (b) of section 52
3 of the Internal Revenue Code of 1986, or subsection (m)
4 or (o) of section 414 of such Code, shall be treated as
5 one employer for purposes of this section.

6 (h) CERTAIN RULES TO APPLY.—For purposes of
7 this section, rules similar to the rules of sections 51(i)(1)
8 and 280C(a) of the Internal Revenue Code of 1986 shall
9 apply.

10 (i) ELECTION NOT TO HAVE SECTION APPLY.—This
11 section shall not apply with respect to any eligible em-
12 ployer for any calendar quarter if such employer elects (at
13 such time and in such manner as the Secretary may pre-
14 scribe) not to have this section apply.

15 (j) THIRD-PARTY PAYORS.—Any credit allowed
16 under this section shall be treated as a credit described
17 in section 3511(d)(2) of such Code.

18 (k) TRANSFERS TO FEDERAL OLD-AGE AND SUR-
19 VIVORS INSURANCE TRUST FUND.—There are hereby ap-
20 propriated to the Federal Old-Age and Survivors Insur-
21 ance Trust Fund and the Federal Disability Insurance
22 Trust Fund established under section 201 of the Social
23 Security Act (42 U.S.C. 401) and the Social Security
24 Equivalent Benefit Account established under section
25 15A(a) of the Railroad Retirement Act of 1974 (45 U.S.C.

1 14 231n–1(a)) amounts equal to the reduction in revenues
2 to the Treasury by reason of this section (without regard
3 to this subsection). Amounts appropriated by the pre-
4 ceding sentence shall be transferred from the general fund
5 at such times and in such manner as to replicate to the
6 extent possible the transfers which would have occurred
7 to such Trust Fund or Account had this section not been
8 enacted.

9 (l) TREATMENT OF DEPOSITS.—The Secretary shall
10 waive any penalty under section 6656 of the Internal Rev-
11 enue Code of 1986 for any failure to make a deposit of
12 any applicable employment taxes if the Secretary deter-
13 mines that such failure was due to the reasonable anticipa-
14 tion of the credit allowed under this section.

15 (m) REGULATIONS AND GUIDANCE.—The Secretary
16 shall issue such forms, instructions, regulations, and guid-
17 ance as are necessary—

18 (1) to allow the advance payment of the credit
19 under subsection (a), subject to the limitations pro-
20 vided in this section, based on such information as
21 the Secretary shall require,

22 (2) to provide for the reconciliation of such ad-
23 vance payment with the amount advanced at the
24 time of filing the return of tax for the applicable cal-
25 endar quarter or taxable year, and

1 (3) with respect to the application of the credit
2 under subsection (a) to third-party payors (including
3 professional employer organizations, certified profes-
4 sional employer organizations, or agents under sec-
5 tion 3504 of the Internal Revenue Code of 1986),
6 including regulations or guidance allowing such
7 payors to submit documentation necessary to sub-
8 stantiate the eligible employer status of employers
9 that use such payors.

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