

New! Dental Practice Medical Leave Credit

There's a new dental practice tax credit that partially reimburses employers for providing paid family and medical leave for select employees. But practices should be informed before they try to use this new Family and Medical Leave Act (FMLA) tax break.

Basics of the new credit

Employers who provide at least two weeks of paid family and medical leave to employees who earn \$72,000 a year or less can claim the FMLA credit to offset some of the cost of that paid leave. Some details:

- The credit ranges between 12.5 percent to 25 percent of the cost of the leave, depending on whether it pays 50 percent salary to a full salary.
- At least 50 percent of salary must be paid during the leave for employers to claim the credit.
- Employees must have worked for at least a year.
- Up to 12 weeks of leave are eligible for the credit.
- The \$72,000 salary cap in 2018 will rise with inflation every year.

This credit comes as the result of a law requiring companies with 50 or more employees to provide up to 12 weeks of leave every year. The leave is intended to give employees time to address serious health issues, adapt to new additions to their families from births or adoptions, and to handle family military deployments.

However, dental practices with less than 50 employees aren't covered by the FMLA, though they can voluntarily adopt a leave policy as an employee benefit and claim the new credit.

Considerations for dental practice owners

- The credit currently expires after the 2019 tax year. Congress' intention is to test adoption of the credit and later make it permanent if it's popular with employers.
- It requires administrative setup. You'll have to draft a leave policy separate from your policies for regular vacation, personal, medical and sick time off.
- It may create an employee expectation. If you haven't provided a paid leave benefit before but assess it's worth it due to the credit, it may be a letdown if the credit expires and you no longer offer the benefit to your employees.

Given the uncertain nature of the life of this new credit, if you plan to offer this benefit to your employees, please be prepared to know what you will do if the credit is not extended past next year.