

## Employer FAQ: Can PPP Loan Funds Be Applied to Pay Employees Under Families First Coronavirus Response Act

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We have heard from several employers who have received proceeds from a Payment Protection Program (PPP) Loan asking if they may use PPP loan proceeds to pay an employee that is currently out on paid sick leave or extended paid FMLA leave (under the Families First Coronavirus Response Act (FFCRA)), and take the payroll tax deduction offered under the FFCRA.

The short answer is no. The CARES Act [excludes qualified sick and family leave wages](#) (see question 8) for which a credit is allowed under sections 7001 and 7003 of the FFCRA.

If you are an employer with questions about the use of PPP loan proceeds, please contact [Tracy Armstrong](#) or another member of the Wilentz [Employment Law team](#).

### **Attorney**

- Tracy Armstrong

### **Practice**

- Employment Law