

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.

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## 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

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## 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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