



## **Employee Retention Credit for 2021**

The Consolidated Appropriations Act signed into law on December 27, 2020 extended the fully refundable Employee Retention Credit **through** September 30, 2021 and extended eligibility to more employers. Does your business qualify?

### Eligible employers can qualify two ways

Fully or partially suspended business operations due to orders from a government authority because of Covid-19

OR

Gross receipts for the current quarter less than 80% of the same quarter in 2019

**Qualified wages paid by eligible employers from January 1, 2021 through September 30, 2021 include related qualified health plan expenses.**

For employers with an average of 500 or fewer full-time employees in 2019, the credit is based on qualified wages paid to all employees, whether they worked or not. Even if the employees worked full time and were paid for full-time work, the employer still receives the credit.

For employers with an average of more than 500 full-time employees in 2019, the credit is allowed only for qualified wages paid to employees for time they are not providing services during the calendar quarter

**For 2021, there is a cap of 70% credit for \$10k of wages. It is calculated per employee, per quarter and is available for wages paid in Q1, Q2, and Q3 of 2021. Employers cannot claim the same wages for ERTC and PPP forgiveness.**

**Employers claim the credit by reducing payroll tax deposits or by filing an amended payroll tax return.**

## Employee Retention Credit for 2020

The Employee Retention Credit for 2020 was designed to encourage employers to keep employees on their payroll. The **fully refundable** tax credit is 50% of up to \$10,000 in qualified wages paid to an employee by an eligible employer experiencing economic hardship related to COVID-19. This credit is for wages paid from 3/13/2020 through 12/31/2020.

The credit is available **EVEN IF** you received a PPP loan.

### Eligible employers can qualify two ways

Fully or partially suspended business operations due to orders from a government authority because of COVID-19

OR

Gross receipts for the current quarter less than 50% of the same quarter in 2019

**Qualified wages paid by eligible employers from March 13, 2020 through December 31, 2020 including related qualified health plan expenses.**

For employers with an average of 100 or fewer full-time employees in 2019, the credit is based on qualified wages paid to all employees, whether they worked or not. Even if the employees worked full time and were paid for full-time work, the employer still receives the credit.

For employers with an average of more than 100 full-time employees in 2019, the credit is allowed only for qualified wages paid to employees for time they are not providing services during the calendar quarter

**For 2020, there is a cap of 50% credit for \$10k of wages. It is calculated per employee for the year. Employers cannot claim the same wages for ERTC and PPP forgiveness.**

**Employers claim the credit by reducing payroll tax deposits or by filing an amended payroll tax return.**