

EMPLOYEE RETENTION CREDIT

The Employee Retention Credit **is separate** from the Payroll Protection Program, which is the loan small business owners are applying for through the SBA.

<https://www.irs.gov/newsroom/faqs-employee-retention-credit-under-the-cares-act>

Eligible Employers for the purposes of the Employee Retention Credit are those that carry on a trade or business during calendar year 2020, including a tax-exempt organization, that either:

- Fully or partially suspends operation during any calendar quarter in 2020 due to orders from an appropriate governmental authority limiting commerce, travel, or group meetings (for commercial, social, religious, or other purposes) due to COVID-19; or
- Experiences a significant decline in gross receipts during the calendar quarter.

The Employee Retention Credit is a refundable tax credit:

1. Equal to 50% of qualified wages (**including allocable qualified health plan expenses**);
2. Paid after March 12, 2020, and before January 1, 2021;
3. Qualified wages for any employee cannot exceed \$10,000; and
4. The maximum credit for qualified wages paid to any employee is \$5,000.

For companies with **more than 100 full time equivalent (FTE) employees**, qualified wages are defined as:

1. Wages paid to **an employee for the time they are not working** during any period of economic hardship due to:
 - a. A government order for the business to fully or partially shut down; or
 - b. A significant decline in business
2. Wages paid to an individual employee cannot exceed what they would have normally been paid in the 30 days prior to the period of hardship.

For companies with **less than 100 FTEs**, qualified wages are defined as:

1. Wages paid to **any employee** during any period of economic hardship due to:
 - a. A government order for the business to fully or partially shut down; or
 - b. A significant decline in business

You have through December 31, 2020 to pay each employee up to \$10,000 (including the cost of benefits) and receive a \$5,000 per employee tax credit on your 941 taxes which are due after each payroll.

If you would like for us to help you estimate the payments and tax credits that could be available to you, please let us know.

If you want to use it as quickly as possible, we can set your current pay types to calculate the tax credit on everyone until they each reach the cap of \$10,000 (including the cost of employer paid medical). Once a person caps, the system stops calculating the tax credit on

them but continues with the others. The “non payments” would continue until you use up the approximate credit.

If you feel this might apply to you, please let us know and we can help determine what, if any, payments and credits might be applicable.



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