

The Employee Retention Tax Credit

Employee Retention Credit can be incredibly valuable if your business qualifies. The tax law introduced last spring created the credit, but many companies didn't qualify because they had borrowed PPP money. However, with changes to the tax law passed in December 2020, that restriction has been removed - so you can get this credit even if you had a PPP loan. Here are a few of the highlights:

Eligible Businesses

Only one needs to apply

2020 - Businesses with a drop in gross receipts of greater than 50% from the same quarter in 2019.

2021 - Businesses with a decline in gross receipts of greater than 20% from the same quarter in 2019.

Any business that had a full or partial suspension due to an order from a government authority limiting commerce, travel, or group meetings.

1

50% Tax Credit

For wages paid from 3/13/20 to 12/31/20 - the credit is 50% of qualifying wages up to \$10,000 per year per employee - max of \$5,000 per employee for 2020.

2

70% Tax Credit

For wages paid from 1/1/21 to 12/31/21, the credit is 70% of qualifying wages up to \$10,000 per quarter per employee - max of \$7,000 per quarter per employee for each quarter in 2021.

3

My Business has Received a PPP Loan

If your business qualifies for Employee Retention Credit and has a PPP loan, wages can be allocated to each program to avoid harming PPP loan forgiveness and to maximize the credit.

4

My Business has NOT Applied for PPP Forgiveness

Great, this will provide flexibility in assigning wages that will allow for the maximization of Employee Retention Credit while not jeopardizing PPP forgiveness.

5

My Business has Received PPP forgiveness

Wages can still be assigned by program to maximize the credit while not jeopardizing PPP forgiveness.