

EMPLOYEE RETENTION TAX CREDIT (ERTC)

EXECUTIVE SUMMARY

- CAN TAKE IF RECEIVED PPP
 - RETROACTIVE BACK TO 3/13/2020
 - WAGES USED FOR ERTC CANNOT BE USED FOR PPP FORGIVENESS
 - WAGES USED ALREADY FOR PPP FORGIVENESS CURRENTLY CAN'T BE USED FOR ERTC PURPOSES
- CREDIT 50% OF QUALIFIED \$10,000 WAGES FOR 2020
- CREDIT 70% OF QUALIFIED \$10,000 WAGES FOR 2021 EXTENDED TO 9/30/2021 (NEW LAW)
- \$10,000 MAX WAGES PER CALENDAR YEAR 2020
 - MAX \$5,000 PAYROLL TAX CREDIT PER EMPLOYEE FOR ALL 2020
- \$10,000 MAX WAGES PER QUARTER FOR 1st, 2nd & 3rd QUARTERS 2021
 - MAX \$7,000 PAYROLL TAX CREDIT PER EMPLOYEE PER QUARTER
 - MAX \$21,000 PER EMPLOYEE FOR 2021 (NEW LAW EFFECTIVE 11/15/21)
- INCLUDES HEALTH INSURANCE PAID BY THE EMPLOYER FOR APPLICABLE PAYROLL
- EMPLOYER SIZE DEPENDENT ON AVERAGE NUMBER OF EMPLOYEES
 - BOTH 2020 AND 2021, THE AVERAGE NUMBER OF EMPLOYEES BASED ON 2019
 - THE THRESHOLD FOR 2020 IS 100 EMPLOYEES
 - THE THRESHOLD FOR 2021 IS 500 EMPLOYEES
 - THE THRESHOLD AND BELOW, ALL WAGES QUALIFY IF EMPLOYER QUALIFIES FOR ERTC (EXCEPTIONS EXIST)
 - ABOVE THE THRESHOLD, ONLY WAGES PAID TO EMPLOYEES THAT DIDN'T PROVIDE SERVICES QUALIFY FOR AN EMPLOYER WHO QUALIFIES FOR ERTC (EXCEPTIONS DO EXIST)
- NOT LIMITED TO EMPLOYER SOCIAL SECURITY TAXES & REFUNDABLE
- NOT AVAILABLE FOR MORE THAN 50% OWNERS OR SPOUSES, RELATED INDIVIDUALS IN MOST EVERY CIRCUMSTANCE OR SELF-EMPLOYED on SELF-EMPLOYED INCOME
- TWO WAYS TO QUALIFY (EITHER/OR) BOTH NOT REQUIRED
 - GOVERNMENT PARTIAL OR FULL SUSPENSION OF OPERATIONS LIMITING COMMERCE, TRAVEL, OR GROUP MEETINGS
 - OR
 - A SPECIFIC DECLINE IN GROSS RECEIPTS FOR THE QUARTER
- IF BY REDUCTION IN GROSS RECEIPTS
 - 50% DECREASE IN GROSS RECEIPTS FOR 2020
 - 2020 QUARTER COMPARED TO CORRESPONDING QUARTER IN 2019
 - 20% DECREASE IN GROSS RECEIPTS FOR 2021
 - 2021 QUARTER COMPARED TO CORRESPONDING QUARTER IN 2019
 - OPTION TO COMPARE TO PRECEDING QUARTER (IRS HAS TO ISSUE GUIDANCE)
- CLAIMING & RECEIVING THE ERTC
 - REPORT & FILE FORM 941 OR
 - EITHER CLAIMING A CREDIT CARRYOVER OR REFUND
 - IF DID NOT CLAIM ON FORM 941, FILE FORM 941-X
 - REGARDLESS OF METHOD TO RECEIVE THE BENEFIT OF THE PAYROLL TAX CREDIT, THE QUALIFIED WAGES & INFO MUST BE REPORTED ON FORM 941 (OR FORM 941-X IF NOT ON ORIGINAL FORM 941)