

# 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 CAN'T BE USED FOR ERTC
- CREDIT **50%** OF QUALIFIED \$10,000 WAGES FOR 2020
- CREDIT **70%** OF QUALIFIED \$10,000 WAGES FOR 2021 9/30/2021
  - RECOVERY START UP BUSINESS ALLOWED THRU 12/31/21
- \$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 1<sup>st</sup>, 2<sup>nd</sup> & 3<sup>rd</sup> QUARTERS 2021
  - MAX **\$7,000 PAYROLL TAX CREDIT PER EMPLOYEE PER QUARTER**
    - **MAX \$21,000 PER EMPLOYEE FOR 2021**
- 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
- CLAIMING & RECEIVING THE ERTC
  - 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)