

A VALUABLE OPPORTUNITY FOR EMPLOYERS

Many employers continue to feel the impact of the COVID-19 pandemic. As the effects have continued into 2021, the government has issued new legislation to help struggling employers and individuals. One of the most recent pieces of legislation, the Consolidated Appropriations Acts (CAA) of 2021, was signed into law on December 27, 2020. One key component in this legislation is the extension of and major changes to the Employee Retention Credit (ERC). Currently the credit is available for 2020 and 2021. Each year has different requirements and credit amounts. These are detailed in the following table.



EMPLOYEE RETENTION CREDIT

	2020 ERC	2021 ERC
TIME PERIOD	3/13/20-12/31/20	1/1/21-12/31/21
MAXIMUM CREDIT	50% on employee qualified wages up to \$10,000 per employee per year (max \$5,000 credit per employee for the 2020 year)	70% on employee qualified wages up to \$10,000 per employee per quarter (max \$7,000 per quarter for two quarters or \$14,000 for the 2021 year)
QUALIFICATIONS	<p>Employer carried on a trade or business during calendar year 2020 AND</p> <ul style="list-style-type: none"> ■ The operation of that trade or business was fully or partially suspended due to orders from an appropriate government authority due to COVID-19 OR ■ The trade or business had gross receipts for at least one calendar quarter in 2020 that were less than 50% of the gross receipts received during the same calendar quarter(s) in 2019. Note: credit may be claimed in multiple quarters if period of decline exists quarter over quarter. 	<p>Employer carried on a trade or business from January 1, 2021 through June 30, 2021 AND</p> <ul style="list-style-type: none"> ■ The operation of that trade or business was fully or partially suspended due to orders from an appropriate government authority due to COVID-19 OR ■ The trade or business had gross receipts for at least one calendar quarter in 2021 that were less than 80% of the gross receipts received during the same calendar quarter(s) in 2019 (meaning a revenue decrease of 20% or more). Note: credit may be claimed in multiple quarters if period of decline exists quarter over quarter.
EMPLOYEE LIMITS	For employers with over 100 full-time employees, the ERC is available only on wages paid to employees for not working. For employers with 100 or fewer full-time employees, the ERC is available on all employee wages.	For employers with over 500 full-time employees, the ERC is available only on wages paid to employees for not working. For employers with 500 or fewer full-time employees, the ERC is available on all employee wages.

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