



CARES ACT

Employee Retention Tax Credit



Employers seeking assistance to retain their workforce during the coronavirus pandemic can claim the Employee Retention Tax Credit (ERTC). This benefit provides immediate reductions to payroll taxes and possible cash refunds and is available to both commercial and not-for-profit employers, even if a loan was obtained under the Payroll Protection Program (PPP).

The ERTC was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and provides a credit equal to 50% of qualified wages and health plan expenses paid after March 12, 2020 and before Jan. 1, 2021. A per-employee \$10,000 maximum of qualified 2020 wages may be considered for the year, with certain safe harbors for smaller employers.

The CARES Act did not allow employers with PPP loans to claim the ERTC, but the Consolidated Appropriations Act, 2021 (the Act) retroactively removed this restriction. Employers cannot apply the same wages toward PPP loan forgiveness and the ERTC, but the ERTC applies to any “excess” wages.

The American Rescue Plan Act also extended the ERTC to provide a 70% credit for qualified wages and health plan expenses paid Jan. 1, 2021 through December 31, 2021 and expands the definition of smaller employers for that time period. A per-employee \$10,000 maximum of qualified 2021 wages applies for each quarter.

DID YOU?

POTENTIAL ERTC BENEFITS

Receive a PPP Loan?

Maximize PPP loan forgiveness with no more wages than are necessary, reserving the largest amount of wages possible for the ERTC.

Experience a 50% decline in 2020 gross receipts for any one quarter compared to the same quarter in 2019

Retroactive cash refunds for the quarter(s) may be available on amended Forms 941.

Experience a 20% decline in 2021 gross receipts for any one quarter compared to the same quarter in 2019

Prospective payroll tax reductions and cash refunds may be available for the quarter(s).

Experience a full or partial shut-down on account of government orders

Retroactive and/or prospective benefits may be available during the quarter(s) of the shut-down.

Have 500 or fewer employees during 2019

An advance refund can be claimed now for any 2021 ERTC that will result later in the year.

For more information, listen to our podcast *What's Going On with the Employee Retention Tax Credit* at www.cbiz.com/ertc-podcast.

PLEASE KNOW THAT WE ARE HERE FOR YOU

Don't hesitate to contact your local CBIZ advisor or let us know how we can be of assistance at www.cbiz.com/contact-us.

