

5 Facts About the Employee Retention Tax Credit (ERTC)

1

Employers can now take advantage of both the ERTC and PPP loans. (Note employers cannot apply the credit to wages they used PPP funds on for payroll expenses.)

2

To be eligible for the 2021 ERTC, employers must have fewer than 500 employees and be able to prove that year-over-year gross receipts have declined by 20% (rather than 50%, as it was previously in 2020).

3

To be eligible for the ERTC, employers have the option to claim a credit for any quarter they had a full or partial shutdown due to a government order.

4

Employers with fewer than 100 full-time employees can claim the 2020 Employee Retention Tax Credit for any employee they paid. Employers with more than 100 full-time employees can only claim the retention credit for workers who were paid during the covered period, but did not perform any work. For every quarter of 2021, an employer can receive a credit for all workers, provided that they have less than 500 full-time employees.

5

For every quarter of 2021, an employer can claim up to 70% of each eligible employees' wages, up to \$10,000. This maxes out at \$7,000 per employee. (Unless your company qualifies as a "severely financially distressed business." In this case, the ERTC will be uncapped.)