

Employee Retention Tax Credit



WHAT IS THE EMPLOYEE RETENTION TAX CREDIT?

A refundable tax credit designed to encourage business impacted by COVID-19 to maintain employees on payroll. The new employee retention credit is 50% of the qualified wages (up to \$10,000) an eligible employer pays to employees after March 12, 2020, and before January 1, 2021.

WHO IS ELIGIBLE?

All sizes of businesses/employers, including tax-exempt organizations, are eligible for the credit if they operate a trade or business during calendar year 2020 and experience either:

- Full or partial suspension of operations due to governmental limitations or
- a significant decline in gross receipts
- Tax-Exempt employers under section 501(c) are eligible
- Tribal entities are eligible

WHAT OTHER IMPACTS COULD QUALIFY YOUR BUSINESS OR ORGANIZATION?

- Full shutdowns
- Partial shutdowns
- Interrupted operations
- Supply chain interruptions
- Inability to access equipment
- Limited capacity to operate
- Inability to work with your vendors
- Reduction in services or goods offered to your customers
- Cut down in your hours of operation
- Shifting hours to increase sanitation of your facility
- And more, The ERC has gone through significant updates.

WHAT IS CONSIDERED QUALIFIED WAGES?

The credit applies to qualified wages (including certain health plan expenses) paid during this period or any calendar quarter in which business operations were

suspended. The definition of qualified wages depends on how many employees an eligible employer has.

IS THE ERC RETROACTIVE?

Yes, it is retroactive to March 27, 2020.

HOW ARE OTHER RELIEF PROVISIONS IMPACTED?

- Employer not eligible if received small business loan under PPP (CARES Act)
- Wages cannot be included for this credit if counted under FFCRA or
- For the paid FMLA under section 45S of the Internal Revenue Code
- If employer receives Work Opportunity Tax Credit, employees not counted

CAN ERC BE COMBINED WITH PPP and/or SMOG?

Yes, this credit can be claimed alongside other relief options, including Paycheck Protection Program (PPP) and the Shuttered Venue Operators Grant (SVOG). Our team of experts will work with you to identify what expenses should be allocated across these programs to ensure you maximize the amount of relief your organization receives.

AM I ELIGIBLE IF I WORK WITH A PROFESSIONAL EMPLOYER ORGANIZATION (PEO)?

Yes, you are still eligible for the Employee Retention Credit even if they work with a PEO. Our specialists are familiar with this staffing structure and can help guide you through the nuances.

HOW MUCH CAN I EXPECT FROM THE EMPLOYEE RETENTION CREDIT?

1. Provide the biggest subsidiaries for middle-income and lower-income workers.
2. Eligible employers immediately see a positive cash flow impact.
3. **Small employers benefit almost double compared to large employers.** (Small is less than 500 employees full-time in 2019).
 - May request an advance refund, and
 - May potentially take full credit for workers' wages.
4. Employers can aggregate their businesses to qualify - they can be in different jurisdictions.
5. **Nonprofits have seen credits five times larger than the benefit of PPP loan.**
6. Start-ups (new trade or business) before DEC 31, 2021, may also claim ERTC.

HOW DO I CLAIM THE NEW CREDIT?

Eligible employers will report total qualified wages and the related health insurance costs for each quarter on their quarterly employment tax returns, Form 941, beginning with the second quarter.

I'M READY TO QUALIFY AND SAVE!
Click [here](#) to submit an inquiry

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