

Hurricane Relief Employee Retention Tax Credit for Employers

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On September 29, 2017 President Trump signed the Disaster Tax Relief and Airport and Airway Extension Act of 2017 (HR 3823) which includes the Employee Retention Credit to encourage employers affected by hurricane Harvey, Irma and Maria to retain employees on their payroll while they wait for business operations to return to normal.

- **What is the Employee Retention Credit?**

An eligible employer may claim a tax credit equal to 40 percent of qualified wages of up to \$6,000 (a maximum credit of \$2,400) paid to each eligible employee during the affected time period.

- **How does the Employee Retention Credit work?**

- Employee Eligibility

An eligible employee is an employee, employed by the qualified employer, whose principal place of employment was in the Hurricane disaster zone during the approved specific periods mentioned on next slide.

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- How does the Employee Retention Credit work?

- Employer Eligibility

An eligible employer is any business or trade that became inoperable or affected immediately upon impact of the Hurricane but continued to pay employees during their recovery efforts during **specific periods of time**:

Hurricane Harvey - on any day after August 23, 2017 and ending on the date the business resumed significant operations but no later than January 1, 2018 in the Hurricane disaster zone.

Hurricane Irma - on any day after September 4, 2017 and ending on the date the business resumed significant operations but no later than January 1, 2018 in the Hurricane disaster zone.

Hurricane Maria - on any day after September 16, 2017 and ending on the date the business resumed significant operations but no later than January 1, 2018 in the Hurricane disaster zone.

- Qualified wages

Qualified wages are wages paid or incurred by an eligible employer with respect to an eligible employee on any day after specific periods of time mentioned above, which occurs during the period of inoperability and the resumption of significant operations. Qualified wages also apply if: (1) the employee performs no services; (2) performs services at a different place of employment than their normal principal place of employment; or (3) performs services at the hurricane affected site prior to the resumption of significant operations.

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- An eligible employer cannot claim the Employee Retention Credit with respect to any employee if such employee is claimed on the Work Opportunity Tax Credit under Section 51. IRC of 1986.
- Coverage area - Declared Designated Disaster Zones by Federal Emergency Management Agency (FEMA) includes:

Texas Counties (Hurricane Harvey): Aransas, Austin, Bastrop, Bee, Brazoria, Calhoun, Chambers, Colorado, DeWitt, Fayette, Fort Bend, Galveston, Goliad, Gonzales, Hardin, Harris, Jackson, Jasper, Jefferson, Karnes, Kleberg, Lavaca, Lee, Liberty, Matagorda, Montgomery, Newton, Nueces, Orange, Polk, Refugio, Sabine, San Jacinto, San Patricio, Tyler, Victoria, Walker, Waller, Wharton

Florida Counties (Hurricane Irma): Alachua, Baker, Bradford, Brevard, Broward, Charlotte, Citrus, Clay, Collier, Columbia, DeSoto, Dixie, Duval, Flagler, Gilchrist, Glades, Hardee, Hendry, Hernando, Highlands, Hillsborough, Indian River, Lafayette, Lake, Lee, Levy, Manatee, Marion, Martin, Miami-Dade, Monroe, Nassau, Okeechobee, Orange, Osceola, Palm Beach, Pasco, Pinellas, Polk, Putnam, Sarasota, Seminole, St. Johns, St. Lucie, Sumter, Suwannee, Union, Volusia

Georgia Counties (Hurricane Irma): Camden, Charlton, Chatham, Coffee, Glynn, Liberty McIntosh

Municipios in Puerto Rico (Hurricane Maria): Arecibo, Canovanas, Carolina, Catano, Cayey, Ciales, Juncos, Las Piedras, Manati, Naranjito

Your Team



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Jon is an attorney with over 13 years of tax experience—in legal, public accounting and within industry, focused on state and local taxation. Jon is mainly focused on credits and incentives, compliance and consulting in income/franchise, sales and use, premium taxes, and tax controversy support.

Prior to founding his own law firm, Jon served as the Houston State and Local Tax Practice Leader for Moss Adams LLP and also served as part of PricewaterhouseCoopers (“PwC”) National Credits and Incentives Network. He also spent over seven years managing all areas of taxation for a multibillion dollar financial services holding company.

He is a member of the Texas State Bar, the Connecticut State Bar, the United States Tax Court, the US Northern District Court of Texas, and the US 5th Circuit Court of Appeals.

Jon has served as a board of director for Texas Taxpayers and Research Association (TTARA).

Jon received his bachelor’s degree from Brigham Young University, and his JD from Western New England University School of Law.

THANK YOU

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