

EMPLOYEE RETENTION CREDIT

The Employee Retention Credit (ERC) is a refundable payroll tax credit based on the qualified wages an eligible employer pays to employees. Eligible employers include businesses, tax-exempt organizations, and certain governmental entities.

Key Information:

- Refundable Payroll Tax Credit reported on Form 941 (or an amended 941 for a past period)
- Advance payment of the credit may be available
- PPP Borrowers are eligible for the ERC
- Qualified Wages include wages paid and health plan expenses
- The full-time employee calculation is based on a 30-hour week (130 hours per month)

	2020	2021
Time Period	March 13, 2020 - December 31, 2020	January 1, 2021 - December 31, 2021
Criteria for Eligibility	Full or partial suspension of operations in any calendar quarter due to government orders for COVID-19 OR 50% decline in gross receipts compared to the same calendar quarter in 2019	Full or partial suspension of operations in any calendar quarter due to government orders for COVID-19 OR 20% decline in gross receipts compared to the same calendar quarter in 2019 (can use most recent prior quarter also)
Maximum Credit	50% of qualified wages up to \$5,000 per employee per year	70% of qualified wages up to \$7,000 per employee per quarter
Maximum Wages	\$10,000 per employee per year	\$10,000 per employee per quarter
Employee Limit for Full Eligibility (partial eligibility can still be available at higher employee levels)	Up to 100 full-time employees in 2019	Up to 500 full-time employees in 2019

For more information contact us:

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Or review one of our more in-depth articles on the topic:

- <https://www.meadenmoore.com/blog/atc/employee-retention-credits-do-you-qualify-now>
- <https://www.meadenmoore.com/blog/atc/employee-retention-credits-in-2021-considerations-for-contractors>
- <https://www.meadenmoore.com/blog/tax/employee-retention-credit-retroactive-2020-credit-guidance-issued-by-irs>
- <https://www.meadenmoore.com/blog/atc/employee-retention-credits-erc-what-is-a-partial-shutdown>



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