

## EMPLOYEE RETENTION CREDIT 2020

**Refundable payroll tax credit** up to 50% of wages paid to employees from March 13, 2020 through December 3, 2020 if one of the following criteria is met:

- (1) Full or partial suspension due to government order during at least one quarter in 2020, or
- (2) For any quarter in 2020, the gross receipts of the employer must be less than 50% of what they were for the same quarter in 2019

**Wages limitation:** \$10,000 per employee per year (max credit of \$5,000 per employee per year)

**ERC can be taken retroactively for 2020** by amending the Q4 Form 941 and claiming full credit

**100 employees or fewer:** all wages paid to employee during an eligible quarter or period are eligible for ERC\*

**Over 100 employees:** only wages paid to an employee during an eligible quarter or period to not provide services are qualified wages for ERC\*

## EMPLOYEE RETENTION CREDIT 2021

**Refundable payroll tax credit** up to 70% of wages paid to employees after January 1, 2021 through June 30, 2021 if one of the following criteria is met:

- (1) Full or partial suspension due to government order in Q1 or Q2 in 2021, or
- (2) Gross receipts in Q1 or Q2 of 2021 are less than 80% of the same quarter in 2019 (we can also use Q4 of 2020 to qualify for Q1 2021)

**Wages limitation:** \$10,000 per employee per quarter (max credit of \$7,000 per employee per quarter)

**ERC can be taken prospectively for 2021** by offsetting required tax deposits or claiming a credit on Form 941. Can also get an advanced credit through Form 7200

**500 employees or fewer:** all wages paid to employee during an eligible quarter or period are eligible for ERC\*

**Over 500 employees:** only wages paid to an employee during an eligible quarter or period to not provide services are qualified wages for ERC\*

\*Aggregation rules apply.

## PAYCHECK PROTECTION PROGRAM

Updates under The Consolidated Appropriations Act, 2021

\$284 billion has been set aside for a second round of forgivable loans (PPP2) for small businesses. Loans will be capped at \$2 million per borrower, down from the \$10 million limit in the first PPP.

Employers can now claim ERC for 2020 and 2021 and receive PPP/PPP2 loan forgiveness (cannot utilize same wages in calculation)

Expanded eligibility for PPP loans

Reverses IRS guidance and allows tax deductions for expenses paid with PPP loans

Repeals the CARES Act provision that required PPP borrowers to deduct an Economic Injury Disaster Loan Program Advance from the PPP loan forgiveness amount

Recipients of an original PPP loan can amend their loan applications and request an increased amount in PPP funds to account for the expansion in eligible payroll expenses

Expanded definition of non-payroll expenses eligible for PPP use and forgiveness

Covered period of the loan begins on the date the loan is funded, but all loan recipients can choose the ending date, which can be between eight and 24 weeks after funding

A simplified loan forgiveness process has been created for loans under \$150,000 if all loan requirements are met

