

Employee Retention Tax Credit

NOTICE: The information in this document has been updated via the new stimulus (December 2020). Please see the updated version of this information [here](#).

Am I Eligible?

- Operations fully or partially suspended due to a COVID-19 related governmental order, OR
- Greater than 50% decline in gross receipts compared to the same quarter in 2019.

*Employers that receive a loan under the Paycheck Protection Program are not eligible to claim the credit, even if they do not anticipate loan forgiveness. Whether a business can take the credit prior to receiving a Paycheck Protection Program loan, however, is unclear based on existing guidance.

How Much is the Credit?

- 50% of qualified wages paid to an eligible employee.
- Capped at \$5,000 per employee.

*For employers with 100 employees or less, wages paid to all employees are “qualified wages.”

*For employers with greater than 100 employees, “qualified wages” are limited to wages paid to employees not providing services; meaning the employee is not teleworking or providing partial work but remains on the employer’s payroll.

When Do I Receive the Credit?

- To create immediate access to cash, employers calculate the credit they expect to claim and retain corresponding employment taxes in lieu of remittance (including the employer and employee portion of payroll taxes as well as employees’ income tax withholdings) to fund the credit.
- Employers that expect credits to exceed withholdings may file Form 7200 to request an advanced refund of an anticipated credit.
 - Employers may file Form 7200 multiple times as estimated credits change.