

Employer Retention Tax Credit (ERC) for Businesses

Is your business under a full or partially reduced capacity order of any kind?



What is it?

The Employee Retention Credit (ERC) is a newly expanded refundable tax credit given to employers who are keeping their employees on payroll despite COVID-19 related challenges and losses. New legislation was passed in late December 2020 that made many businesses eligible for the credit for Q1 & Q2 of 2021 who were not previously eligible in 2020.

How much is the credit?

- The credit is equal to 70% of your employee's wages that you pay out from January 1 through June 30th, 2021. Qualified wages are limited to \$10,000 per employee per calendar quarter. The maximum ERC amount available is \$7,000 per employee per quarter for a total of \$14,000 in refundable tax credits for 2021 and potentially up to \$5,000 per employee for 2020.
- This means if you have 10 employees on your staff today, and meet the eligibility requirements, you could be eligible for up to \$140,000 in a refundable tax credit that you can start receiving right away through your payroll tax filings.

Who qualifies?

- Employers who were under a full or partial suspension of the operation of their trade or business during this period because of governmental orders limiting commerce, travel or group meetings due to COVID-19.
- Employers with fewer than 500 employees qualify.
- A decline in gross receipts in a calendar quarter in 2021 where the gross receipts of that calendar quarter are less than 80% of the gross receipts in the same calendar quarter in 2019 (to be eligible based on a decline in gross receipts in 2020 the gross receipts were required to be less than 50%).





ERC Tax Credits

How can I claim the credit?

- The credit is claimed against your payroll tax filing deposits (941s) or by reducing your employment tax deposits. Any credit that exceeds your employment tax deposit can be refunded to you by a check from the IRS, or you can amend previous 941 returns and request a refund. Your payroll partner will be able to help you claim and track this credit.

Considerations

- Be sure to consult your CPA or banker to understand the best way to maximize PPP round 2 money and the Employee Retention Credit (ERC). The Whirks team will support our clients by maximizing the benefits of both credits and how to claim them for optimal refunds if engaged for PPP support and Tax Credit Services.
- The Whirks team is capturing Employee Retention Credits for clients. We are offering a special discount to any business who would like us to help. If you're not a client already, reach out to us today.

Let us help you take advantage of all possible incentives.

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