

COVID-19 Employee Retention Tax Credit

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Employee Retention Tax Credit

March 13, 2020 – December 31, 2020

Fully refundable tax credit = 50% of qualified wages up to \$10,000 / employee

Eligibility

Business Type

- ✓ For-profit and tax-exempt employers in business in 2020
- ✗ Government employers
- ✗ Self-employed earnings
- ✗ Other tax credit and relief: PPP, FFCRA, FMLA, WOTC

COVID-10-Related Issue

- Full or partial closure due to gov't authority limitation on commerce, travel or group meetings
- Significant decline in gross receipts
 - Starts: first day of calendar quarter where gross receipts < 50% PY same quarter
 - Ends: first day of first calendar quarter where gross receipts >80% PY same quarter

Tax Credit

- 50% qualified wages (including group health plan expenses) paid to employees in a calendar quarter
 - <100 employees: wages paid to all employee
 - >100 employees: wages paid to employees not providing services
- Max / employee: Wages \$10,000, Credit \$5,000
- Claiming the credit against employer share of social security taxes
 - File IRS Form 941 (quarterly)
 - If credit > taxes owed, a refund will be issued
 - Request an advance by filing Form 7200



Resources

FAQ

- General Employee Retention Tax Credit FAQ: <https://www.irs.gov/newsroom/covid-19-related-employee-retention-credits-general-information-faqs>
- Filing for Employee Retention Tax Credit FAQ: <https://www.irs.gov/newsroom/covid-19-related-employee-retention-credits-how-to-claim-the-employee-retention-credit-faqs>
- Employer Eligibility FAQ: <https://www.irs.gov/newsroom/covid-19-related-employee-retention-credits-determining-which-employers-are-eligible-to-claim-the-employee-retention-credit-faqs>

Form 941 Instructions

- Instructions: <https://www.irs.gov/instructions/i941>

Form 7200 Tips

- Instructions: <https://www.irs.gov/pub/irs-pdf/i7200.pdf>
- Tips: <https://www.irs.gov/newsroom/common-errors-to-avoid-when-filing-for-advance-payment-of-employer-credits>