

# THE EMPLOYEE RETENTION CREDIT (ERC)

PPP borrowers now eligible to obtain ERC!

## What is the ERC?

The ERC is a refundable federal payroll tax credit designed to encourage businesses to retain their employees through the COVID-19 pandemic. This credit was enhanced in the Consolidated Appropriations Act, 2021. The number of employees does not affect credit eligibility, and it is claimed on quarterly Form 941 of employer's quarterly federal tax return.

### Eligible Employer

The ERC applies to any private-sector business or tax-exempt organization that carries on a trade or business that was either:

- Fully or partially suspended due to orders from the federal or state government limiting commerce, travel, or group meetings due to COVID-19 or,
- Experienced a significant decline in gross receipts during any quarter compared to that same quarter in 2019. Defined at a 50% decline in any quarter during 2020 and a 20% decline in 2021.

### Shutdown Orders

Orders, proclamations, or decrees from the federal government or a state or local government limiting commerce, travel, or group meetings due to COVID-19.

### Suspension of Business

A business is deemed to be fully or partially suspended if an appropriate governmental authority imposes restrictions on the business's operations causing the business to be:

- Fully suspended – Must cease all operations
- Partially suspended – Can still continue to operate with some, but not all normal operations

### Qualified Wages

**2020** – Compensation provided to an employee from March 13 through December 31, 2020. For businesses with 100 or fewer full-time employees in 2019 - all employees can be used in the credit calculation. For over 100 employees, the credit is only available on employees who are not providing services.

**2021** – Compensation provided to an employee from January 1 through December 31, 2021. For businesses with 500 or fewer full-time employees in 2019 - all employees can be used in the credit calculation. For over 500 employees, the credit is only available on employees who are not providing services.

### Maximum Credit per Employee

**2020** – 50% of qualified wages up to \$10,000 per year – \$5,000 per employee.

**2021** – 70% of qualified wages up to \$10,000 per quarter (Q1, Q2, Q3, Q4) – \$28,000 or \$7,000 per employee per quarter.

### Potential Tax Credit Total

**\$33,000 per employee**

Go to [tri-merit.com/employee-retention-credit](https://www.tri-merit.com/employee-retention-credit) to determine eligibility



Call or go to the website above to determine past or present eligibility.

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