

# 2020 Employee Retention Credit Guide

Were your company's operations fully or partially suspended due to a COVID-19 related government order?

YES

YES

You are considered a small employer. Your qualified wages for the ERC include all wages, employer-paid health plan payments, and employee pre-tax health premiums. However, these wages are limited to \$10,000 per employee for the year.

Did your company have 100 or fewer full-time employees in 2019?

YES

NO

**Your Employee Retention Credit is equal to 50% of qualified wages.**

Did your company have a decline in gross receipts of 50% or more in Q1, Q2, Q3 or Q4 as compared to the same calendar quarter in 2019?

NO

NO

You are not eligible for the ERC

You are considered a large employer. Your qualified wages for the ERC ONLY include wages, employer-paid health plan payments, and employee pre-tax health premiums for those employees who did NOT perform services during the qualifying period. However, these wages are limited to \$10,000 per employee for the year.

# 2021 Employee Retention Credit Guide

Were your company's operations fully or partially suspended due to a COVID-19 related government order?

YES

YES

You are considered a small employer. Your qualified wages for the ERC include all wages, employer-paid health plan payments, and employee pre-tax health premiums. However, these wages are limited to \$10,000 per employee **per quarter**.

Did your company have **500** or fewer full-time employees in 2019?

NO

YES

NO

**Your Employee Retention Credit is equal to **70%** of qualified wages.**

Did your company have a decline in gross receipts of **20%** or more in Q1, Q2, Q3 or Q<sup>\*</sup> as compared to the same calendar quarter in 2019?

NO

**\* For the 2021 credit, employers may elect to use the preceding quarter to meet the gross receipts test.**

You are considered a large employer. Your qualified wages for the ERC ONLY include wages, employer-paid health plan payments, and employee pre-tax health premiums for those employees who did NOT perform services during the qualifying period. However, these wages are limited to \$10,000 per employee **per quarter**.

You are not eligible for the ERC

# Other Important Information About the ERC

## Is your business a Recovery Startup Business?

### Requirements:

- Began operations after February 15, 2020;
- Had average annual gross receipts of \$1,000,000 or less for the 3 tax years ending with the tax year before calendar quarter in which the ERC is claimed; and
- Isn't otherwise eligible for the 3rd or 4th quarter under government shut down or decline in gross receipts

The total credit allowed for Recovery Startup Businesses is limited to \$50,000 per quarter.

## How to Claim the ERC

- The quickest way to benefit from the ERC is to withhold payroll tax payments equal to an amount reasonably determinable for the credit.
- Form 7200, Advance Payment of Employer Credits, may be filed only by employers that averaged 500 or fewer full-time employees. This form **MUST** be filed before filing Form 941.
- Employers can also claim a refund for the credit on Form 941 or by amending prior quarters with Form 941-X.

**If you believe you might qualify for the Employee Retention Credit, contact Grossman St. Amour CPAs with any questions on the next steps.**

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