

Quick Reference Guide to ERTC Relief

The Consolidated Appropriations Act, 2021, amended, extended and enhanced the employee retention credit originally created in the CARES Act. Refer to the decision tree diagrams below to assist you in determining your ERTC eligibility during a quarter of 2020 or 2021. The following table summarizes the key provisions of the credit and the differences between 2020 and 2021.

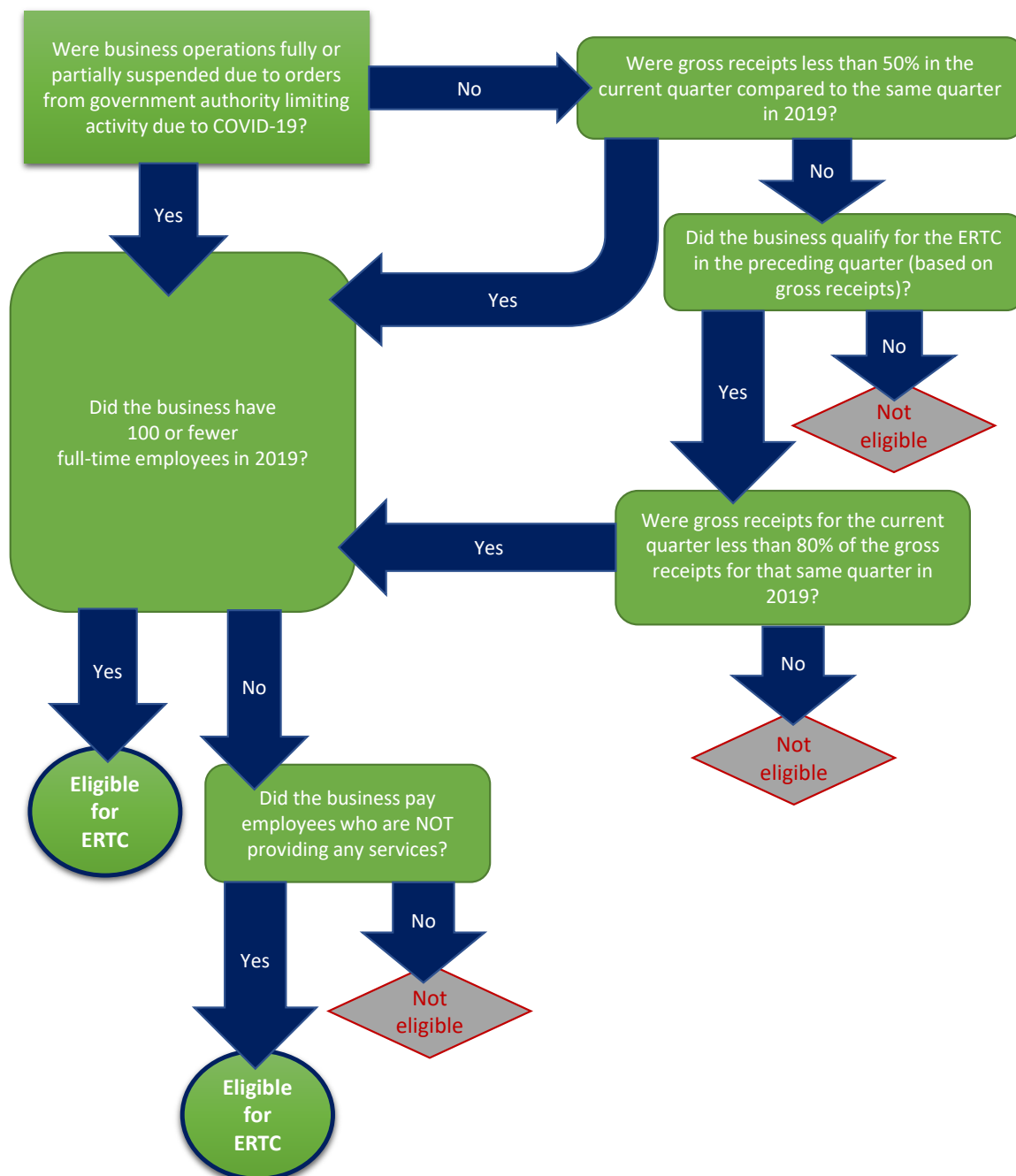
	Amended Employee Retention Credit 2020	Employee Retention Credit 2021	
O V E R V I E W	PPP Interaction	Eligible if you received a PPP loan*	Eligible if you received a PPP loan
	*The Consolidated Appropriations Act, 2021 (signed into law 12/27/20), retroactively amended the CARES Act to permit PPP borrowers to also receive the Employee Retention Credit.		
	Credit amount	50% refundable credit on up to \$10,000 of qualified wages**, per employee, per year	70% refundable credit on up to \$10,000 of qualified wages**, per employee, per quarter
	**Qualified Wages defined	Wages and allocable healthcare. The latest act clarified that health care expenses are includable to the extent that they are excluded from gross income of the employees. This also allows businesses to use healthcare costs paid on behalf of employees that are/were furloughed.	
	Effective period	Available for qualified wages paid from March 12 through December 31, 2020	Available for qualified wages paid from January 1 through June 30, 2021
E L I G I B I L I T Y	Gross receipts test	Eligible if gross receipts have declined 50 percent in calendar quarter (compared to same quarter in 2019). Eligibility ends with the first calendar quarter that follows the first calendar quarter in which the employer's 2020 quarterly gross receipts are greater than 80 percent of its gross receipts for the same calendar quarter in 2019.	Eligible if gross receipts have declined 20 percent in calendar quarter (compared to same quarter in 2019). Also eligible if gross receipts have declined 20 percent in the immediately preceding calendar quarter (compared to the same quarter in 2019).
	Business operations test	OR	
	Business operations test	Trade or business was fully or partially suspended due to government order as a result of the COVID-19 emergency. Eligible for only the period of time a business was fully or partially suspended.	

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	Amended Employee Retention Credit 2020	Employee Retention Credit 2021	
ELIGIBLE WAGES	The number of employees an employer has does not affect whether it is an eligible employer that may claim the credit.		
	The Federal government, the governments of any State or political subdivision thereof, and any agency or instrumentality of those governments are not entitled to receive the employee retention credit.		
	The specific circumstances in which wages paid by an eligible employer will be considered qualified wages depend, in part, on the average number of full-time employees it employed during 2019. See small business definition.		
	Small business definition	100 average full-time employees in 2019	500 average full-time employees in 2019
	Payroll costs restriction (large businesses)	Employers who do not meet the small business definition can only claim the credit for wages paid to employees not providing services.	
Full-time employee	The term “full-time employee” means an employee who, with respect to any calendar month in 2019, had an average of at least 30 hours of service per week or 130 hours of service in the month. Aggregation rules apply.**		
***Aggregation rules	All entities that are members of a controlled group of corporations or a group of entities under common control under section 52(a) or (b) of the Internal Revenue Code (the “Code”) rules, members of an affiliated service group under section 414(m) of the Code, or otherwise aggregated under section 414(o) of the Code are considered a single employer for purposes of the application of the Employee Retention Credit rules.		

Employee Retention Tax Credit Decision Tree for 2020 quarters

The following decision tree diagram is intended for use in assisting for determining your ERTC eligibility during a quarter of 2020. Refer to the chart above for the definition of full-time employees. This is provided for informational purposes and does not constitute accounting or legal advice. You should seek accounting, financial and/or legal advice as appropriate to your situation.



Employee Retention Tax Credit Decision Tree for 2021 quarters

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