

# The CARES<sup>1</sup> Act

## Employee Retention Credit

Credit Amount	50% employment tax credit on up to \$10,000/wages per employee (maximum \$5,000 per employee)	
Summary & Eligibility	<p>Refundable employment tax credit against employer quarterly social security tax on employee wages paid during COVID-19-related business downturn.</p> <p>Available to employers whose operations were fully or partially suspended due to a COVID-19-related shut-down order OR gross receipts declined by more than 50% compared to the same calendar quarter of the prior year.</p>	
Qualified Wages	<p>Businesses &gt; 100 employees</p> <p>Wages paid while an employee <u>was not</u> providing services during the period operations were suspended or the period of the decline in gross receipts.</p>	<p>Businesses &lt; 100 employees</p> <p>Wages paid while an employee <u>was or was not</u> providing services during the period operations were suspended or the period of the decline in gross receipts.</p>
Eligibility Revoked if:	<ul style="list-style-type: none"> <li>- An eligible employer receives a covered loan under CARES Act 1102: Paycheck Protection Program.</li> <li>- A calendar quarter occurs for which gross receipts of such are greater than 80% of gross receipts for the same calendar quarter in the prior year.</li> </ul>	
Claiming the Credit	<p>The credit is taken against the employer's share of social security tax, but the excess is refundable under normal procedures.</p> <ul style="list-style-type: none"> <li>- In anticipation of claiming the credit, employers can retain a corresponding amount of the employment taxes that otherwise would have been deposited, including federal income tax withholding, the employees' share of Social Security and Medicare taxes, and the employer's share of Social Security and Medicare taxes for all employees, up to the amount of the credit, without penalty, taking into account any reduction for deposits in anticipation of the paid sick and family leave credit provided in the Families First Coronavirus Response Act.</li> <li>- Eligible employers can also request an advance of the Employee Retention Credit by submitting <a href="#">Form 7200</a>.</li> </ul>	
Back-Up Documentation & Tracking	<ul style="list-style-type: none"> <li>- Calculation of the paid sick and family leave under the Families First Coronavirus Response Act.</li> <li>- Calculation of the amount of the employee retention credit.</li> <li>- Amount of qualified health plan expenses that was allocated to wages.</li> <li>- Calculation of the wages paid under section 45S of the Internal Revenue Code.</li> <li>- How and when it was determined that the business suspended operations or experienced a qualifying decline in gross receipts.</li> </ul>	
Impact of other Credit & Relief Provisions	<ul style="list-style-type: none"> <li>- If an employer receives a Small Business Interruption Loan under the Paycheck Protection Program, authorized under the CARES Act, then the employer is <u>not eligible</u> for the Employee Retention Credit.</li> <li>- <u>Wages for this credit do not include wages</u> for which the employer received a tax credit for paid sick and family leave under the Families First Coronavirus Response Act.</li> <li>- <u>Wages counted for this credit can't be counted</u> for the credit for paid family and medical leave under section 45S of the Internal Revenue Code.</li> <li>- <u>Employees are not counted</u> for this credit if the employer is allowed a Work Opportunity Tax Credit under section 51 of the Internal Revenue Code for the employee.</li> </ul>	
Additional Resources	IRS <a href="#">FAQs</a> on the Employee Retention Program	

<sup>1</sup> Coronavirus Aid, Relief, and Economic Security