

Employee Retention Tax Credit:

Why this option

Fast tax credit reimbursement

You'll get immediately reimbursed for the tax credit by reducing your required payroll tax deposits by the amount of the credit.

Keep your employees

You get to keep your employees, and they get to keep their health benefits. Plus you don't have to rehire when business starts picking back up.

How it works

The Employee Retention Tax Credit is designed to encourage businesses to keep employees on payroll by providing a refundable tax credit of 50% of up to \$10,000 in wages.

You are eligible if your business is fully/partially suspended because of a government order, or if you have 50% reduction in quarterly receipts because of COVID-19.

Here are the key points:

- The tax credit is equal to 50 percent of qualified employee wages (including allocable qualified health plan expenses)
- If you have <100 full-time employees, you can claim credit for wages paid to all employees, up to \$10,000
- If you have >100 full-time employees, you can claim credit for employees furloughed or hours reduced b/c of employer's closure or economic hardship
- Tax credit is provided through 12/31/20
- Not available if you have a PPP loan

Example

If you are eligible, you can be immediately reimbursed for the credit by reducing your required deposits of payroll taxes that have been withheld from employees' wages by the amount of the credit.

You will need to report your total qualified wages and the related health insurance costs for each quarter on your quarterly employment tax returns or Form 941 beginning with the second quarter.

If your employment tax deposits exceed the credit, you may receive an advance payment from the IRS by submitting Form 7200.