

Employee Retention Credit



ITEM	2020	2021
Credit Amount	The maximum benefit is \$5,000 per employee annually. (\$10,000 cap times 50% credit rate)	Starting January 1, 2021, the maximum benefit is \$7,000 per quarter for a total of up to \$28,000 per employee.
Eligibility by Gross Receipts	Employers are eligible if a quarterly decline of gross receipts by 50% is experienced, compared to the same quarter in 2019. All consecutive quarters are eligible until gross receipts reach 80% quarterly compared to 2019.	Under the Consolidated Appropriations Act, threshold decreases to 20% decline of quarterly gross receipts compared to 2019. This update increases the number of employers that can benefit from the ERC credit for 2021.
Eligibility by Governmental Mandate	Employers are eligible for the ERC Credit if operations were partially or fully suspended due to a governmental mandate.	Under the Consolidated Appropriations Act, disruptions to supply chain might also be considered as partially suspended operations.
Employer Size	Companies with less than 100 full-time equivalent employees are eligible to include ALL wages. Companies with more than 100 full-time equivalent employees are limited to include only the wages of employees NOT performing services.	Per the Consolidated Appropriations Act and beginning January 1st, companies with less than 500 full-time employees can benefit to include ALL wages. Companies with more than 500 full-time equivalent employees are limited to include only the wages of employees NOT performing services.
Qualified Time Period	March 12th, 2020 to December 31st, 2020	January 1st, 2021 to December 31st, 2021 (First two quarters of 2021)
Nonprofit Entities	Not eligible.	Starting in 2021, the following entities are eligible to claim the ERC credit: -Public colleges or universities. -Organizations whose principal purpose is providing medical or hospital care. -Certain Federal instrumentalities, like federal credit units.
Advance payment	No provisions given to claim the credit before qualified wages were paid.	Advanced payment is allowed for future wages. However, if the actual wages paid for the quarter are less than the credit, the employer will need to repay the excess credit amount.
PPP Eligibility	2021 law update allows employers to claim the credit for wages paid on excess of a PPP forgiven loan (eligibility is retroactively calculated for wages paid in 2020).	

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