

Does Your Business Qualify for the Employee Retention Credit?



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The Employee Retention Credit (ERC) is a refundable tax credit available to employers who experienced a decline in their gross receipts or who were required to fully or partially shut down their business. The ERC was originally introduced under the CARES Act, but the Consolidated Appropriations Act signed on December 27, 2020 made some amendments to it, most notably that Paycheck Protection Program loan recipients - for Round 1 or Round 2 loans - are now eligible to receive the credit. The ERC will offer a potentially significant tax savings opportunity for many businesses in 2020 and 2021. The ERC is a fully refundable payroll tax credit for employers up to a maximum of \$5,000 for each employee in 2020 or \$7,000 per employee per quarter in 2021.

To determine whether your business qualifies for the Employee Retention Credit, consider the following:

1. Did your business have a 50 percent reduction in gross receipts in any quarter in 2020 compared to the same quarter in 2019?
2. Was your business required to be partially or fully shut down under a state or local order at any time between March 12 and now?
3. Did your business have a 20 percent reduction in gross receipts in the 4th quarter of 2020 compared to the 4th quarter of 2019?
4. Do you anticipate that your Q1 2021 gross receipts will be 20 percent less than those in Q1 2019?
5. Do you anticipate that your Q2 2021 gross receipts will be 20 percent less than those in Q2 2019?

If you answered yes to any of these questions, you may want to consider having a more in-depth discussion with our Tax Strategies professionals about how your business could qualify for this credit.

Kreischer Miller can assist you through the Employee Retention Credit process by:

- Conducting an analysis to establish whether your business qualifies for the credit.
- Determining how to calculate the credit.
- Navigating the interplay between the Employee Retention Credit and the Payroll Protection Program.

The Employee Retention Credit is one of a number of legislative initiatives designed to help businesses that have been impacted by the ongoing effects of the pandemic. We encourage you to reach out to learn more about how your business can benefit.

For more information, contact your Kreischer Miller relationship professional or any member of our Tax Strategies team at kmiller@kmco.com or 215.441.4600.