

CARES Act BULLETIN #CR-02
Employee Retention Credit

<p>How much is the credit?</p>	<ul style="list-style-type: none"> The refundable credit could be used against the employer's 6.2% portion of the Social Security (OASDI) payroll tax (or against the Railroad Retirement tax) for 50% of certain wages (see below) paid to employees during the COVID-19 crisis. A maximum credit is \$5,000 per employee.
<p>Who are eligible employers?</p>	<p>Eligible employers are:</p> <ul style="list-style-type: none"> Corporations, pass-through entities, such as LLCs, S corporations, partnerships, and sole proprietors whose operations have been fully or partially suspended pursuant to a governmental order related to COVID-19, or have experienced a decline in gross receipts by more than 50% in a quarter compared to the same quarter in 2019, during the period from March 13, 2020 through December 31, 2020. Tax exempt organizations are also eligible if the operations have been fully or partially suspended.
<p>How much of an employee's compensation counts towards the credit?</p>	<ul style="list-style-type: none"> The credit is available for qualified wages paid from March 13, 2020 through December 31, 2020. Eligible employers with more than 100 full-time employees: Wages paid to employees when they are not providing services due to a governmental order related to COVID-19. Eligible employers with 100 or fewer full-time employees: All wages, whether or not the employee is providing services to the employer. Regardless of business size, qualified wages include certain healthcare costs paid by an employer to maintain a group health plan.
<p>How do I claim the credit?</p>	<ul style="list-style-type: none"> The tax credit may be claimed against the employer portion of employment taxes, including Social Security and Railroad Retirement payroll taxes. The remaining portion is refundable and can be claimed by filing Form 7200. The IRS is expected to provide guidance regarding the process for claiming the credit and receiving the refund.
<p>Are there any restrictions or exclusions?</p>	<ul style="list-style-type: none"> The credit is <u>not</u> available for wages taken into account for the following purposes: <ul style="list-style-type: none"> The amount of qualified sick and family leave wages for which the employer received tax credits under the Families First Coronavirus Response Act; Wages taken into account for Section 45S Employer Credit for Paid Family and Medical Leave; or Wages in a period in which an employer is allowed for a work opportunity credit. The credit is also <u>not</u> available to employers receiving a small business interruption loan under the SBA's Paycheck Protection Program.