

# EMPLOYEE RETENTION CREDIT



## WHAT IS IT?

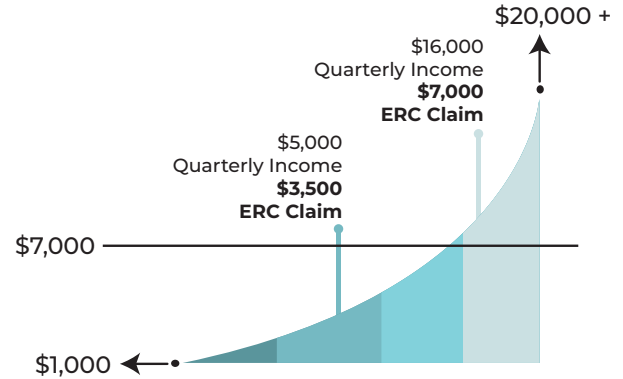
The Employee Retention Credit (ERC) is a tax credit designed to help small businesses recover from the impacts of Covid-19. The ERC is NOT a loan, it is a tax credit, meaning that it does not have to be repaid, or used in any specific way.

## HOW MUCH CAN YOU CLAIM?

The Employee Retention Credit pays out 70% of an employee's income, up to \$7,000.

Say you have made \$5,000 this year: You can claim \$3,500 for the ERC. If you made \$16,000, you can claim \$7,000, because that is the highest it will pay out, even though it's less than half of your income.

The ERC is paid out per employee. For those who have a spouse and children, there are additional credits that can increase the refund amount if certain criteria are met.



## KEYS TO QUALIFYING

### 20% DECREASE IN GROSS RECEIPTS

Did your business make half as much money this year than it did this time last year?

#### 2019

Q1:\$20,000    Q2:\$24,000    Q3:\$19,000    Q4:\$22,000

#### 2021

Q1:\$20,000    Q2:\$12,000    Q3:\$10,000    Q4:\$22,000



OR

### FULL OR PARTIAL CLOSURE

Did you have to shut down your business in some way due to Covid?

This can include (but is not limited to):

- Shortened work hours, or complete shutdown due to Government Mandate
- Being required to start working from home instead of coming into the office
- Team meetings being restricted to 10 employees or less
- Trade Shows or events that are key to your business being canceled
- Local, State or Federal restrictions put in place since March 2020.

## SMALL BUSINESS EXAMPLE

Employee 1: \$16,000 wage=\$7,000 ERC    Employee 2: \$10,000 wage=\$5,000 ERC    Employee 3: \$5,000 wage=\$3,500 ERC



Total Benefit = \$17,500



### DISQUALIFIED FROM THE ERC IF:

Took more than 4 weeks of unemployment through that Quarter

Did not fully or partially close, and did not see a 20% decrease in revenue.