



## The Employee Retention Tax Credit

On Friday, March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) was signed into law by President Trump. The CARES Act includes several relief provisions for businesses, including the Employee Retention Payroll Tax Credit. Under this provision, qualified employers may be entitled to a payroll tax credit of as much as \$5,000 per employee for wages and health benefits paid between March 12, 2020, and December 31, 2020. If the tax credit exceeds the employer’s liability, the surplus will be refundable.

A qualified employer that will be eligible to receive this refundable employment tax credit is any employer who either had their business fully or partially suspended in 2020 due to government orders related to a COVID-19 shutdown or experienced a decline in gross receipts of more than 50 percent. The tax credit is provided for the first \$10,000 of qualified compensation, including wages and employer contributions to health benefits, paid to an eligible employee. For employers with 100 or more employees, qualified wages are limited to wages paid to employees that were not working or providing services due to the COVID-19 outbreak. However, employers with fewer than 100 employees can apply the credit to most wages.

Importantly, this credit is not applicable to the extent the employer receives a credit under the recently enacted Families First Coronavirus Response Act, nor is the credit available to employers who receive a loan from the SBA under the “Paycheck Protection Program” which is also part of the CARES Act.

**This article is presented for informational purposes and does not constitute legal advice. If you would like to discuss the Employee Retention Payroll Credit or how to qualify for this credit, our attorneys at Loomis, Ewert, Parsley, Davis & Gotting are happy to help. Please contact J.V. Anderton at [jfanderton@loomislaw.com](mailto:jfanderton@loomislaw.com) or call us at 517-482-2400.**