

ECONOMICALLY IMPACTED EMPLOYERS GETTING HELP WITH THE ERC



EMPLOYEE RETENTION CREDIT

Newly enhanced to support businesses and their employees

WHAT IS THE EMPLOYEE RETENTION TAX CREDIT?

The ERC is a refundable credit that businesses can claim on qualified wages paid to employees during 2020 and 2021. The CARES Act introduced the latest ERC to encourage companies to maintain their payroll.



In 2020, it entitled employers to a 50% credit (maximum of \$5,000 per employee) of the qualified wages paid to employees. This amount increased to 70% (maximum of \$7,000 per employee, per quarter) for 2021 with the **American Rescue Plan Act (ARPA)**. Under the enacted ARPA and previously under the Consolidated Appropriations Act (2021) the employee retention credit, a provision of the CARES Act, is extended and expanded. It can be claimed through **September 30, 2021** to eligible employers who retained employees.

The ERC provides a refundable employment tax credit, up to \$5,000 per employee for 2020 and up to \$21,000 per employee for 2021.

AM I ELIGIBLE FOR THE EMPLOYEE RETENTION TAX CREDIT?

Many employers, including not-for-profits, qualify for the ERC. Eligibility is determined on a quarter-by-quarter basis. To be eligible the employer has to show they **either**:

- Suspended operations fully or partially due to an official COVID-19-related shut down order

OR

- Experienced a significant decline in gross receipts relative to the same quarter of 2019 (for 2021, the significant decline in gross receipts can also be measured by comparison to the prior calendar quarter)

NEW OPPORTUNITIES WITH 2021 ERC		
	2020	2021
FTE limitation	<100 FTEs	<500 FTEs
Credit Amount	50% credit on first \$10,000 of wages	70% credit on first \$10,000 of wages each quarter
Maximum credit allowed per employee	\$5,000	\$21,000
Decline in Gross receipts threshold	50% or greater relative to same quarter in 2019	20% or greater relative to same quarter in 2019 or relative to the prior calendar quarter

WHAT IS THE TAX CREDIT AMOUNT?

For 2020, you can receive a credit equal to 50% of the first \$10,000 of Qualified Wages paid per employee in the **aggregate for all eligible quarters**. The maximum ERC for all of 2020 is \$5,000 per employee.



For 2021, you can receive **70%** of the first \$10,000 of Qualified Wages paid per employee in **each quarter**. The maximum ERC for each quarter is \$7,000 per employee. The maximum ERC for 2021 is \$21,000 per employee.

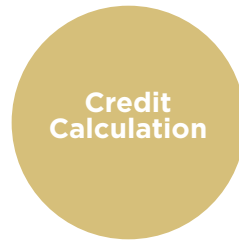
Eligible employers that received a Paycheck Protection Program (PPP) loan are now permitted to claim the ERC for both 2020 and 2021.



THE SOURCE ADVISORS ERC STUDY PROCESS:



Planning



Credit
Calculation



Documentation

PLANNING

- Gather financial information
- Confirm the company's eligibility for the ERC
 - Determine any government or local orders that would have provided for partial or total suspension of operations
 - Review of gross receipt history
 - Assess FTEs
- Review qualified wages and confirm credit potential

CREDIT CALCULATION

- Coordinate with HR on payroll details
- Use technology-based solutions to summarize impacted employees
- Confirm FTEs and compute quarterly qualified wage payments
- Coordinate with CARES Act loan programs and other tax credits to ensure no double-counting
- Calculate quarterly ERC
- Assist with the procedural requirements to claim credit

DOCUMENTATION

- Document project methodologies and qualifications
- Assemble final deliverable
- Audit support included

Source Advisors takes a thorough and comprehensive approach to evaluating and documenting your companies ERC credits. ERC technical leaders are available to help you navigate the nuances of this credit. Our approach will provide the necessary documentation to properly claim and sustain the ERC credits you are due. The assessment is complimentary. Fees are contingent and only applicable if your company moves forward in successfully claiming the ERC.