

# Updated Employee Retention Tax Credit Provisions

	Under the Consolidated Appropriations Act of 2021	Under the American Rescue Plan Act of 2021
<b>Timeline</b>	The tax credit is applicable to qualified wages paid between March 12, 2020 and before December 31, 2020. The date was then extended to June 30, 2021.	The end date has been <b>extended again to December 31, 2021</b> , allowing companies to claim the credit for two additional quarters.
<b>Eligibility</b>	The tax credit is available to any organization ordered by a governmental authority to suspend or reduce business operations due to COVID-19 or has experienced a 50% decrease in gross receipts in the current quarter compared to the same quarter of the previous year.	The tax credit is still available to any organization ordered by a governmental authority to suspend or reduce business operations due to COVID-19.  Organizations who experienced an <b>20% decrease in gross receipts</b> in the current quarter compared to the <b>same quarter in 2019</b> will now be eligible for the tax credit.
<b>Recovery Startup Businesses</b>	The provision did not exist in this legislation.	Beginning in the third quarter of 2021, businesses that began operating after February 15, 2020 and average less than <b>\$1 million annually in gross receipts</b> (known as "Recovery Startup Businesses") will be eligible for the credit, regardless of any decline in gross receipts.  These businesses will also be eligible for an increased <b>maximum credit of \$50,000</b> for the third and fourth quarters of 2021.
<b>Paycheck Protection Program (PPP) Considerations</b>	A company that receives a PPP loan is <b>no longer prohibited from utilizing the tax credit</b> ; however, wages paid with the proceeds of a PPP loan that have been forgiven are not eligible. This change in eligibility is retroactive for wages paid after March 12, 2020.  Amended employment returns can be filed to now take additional for 2020.	The provision has not changed.
<b>Severely Financially Distressed Employers</b>	The provision did not exist in this legislation.	Beginning in the third quarter of 2021, large businesses (500+ employees) that experienced a <b>90% or more decline in gross receipts</b> compared to the <b>same quarter in 2019</b> (known as "Severely Financially Distressed Employers") will be eligible for the credit.
<b>Employee Count</b>	Companies with up to 500 full-time employees can utilize the credit for wages paid to employees not working.  Companies with less than 500 full-time employees can utilize the credit for wages paid to all working and non-working employees.	The provision has not changed.
<b>Maximum Amount of Qualified Wages</b>	The amount of the tax credit has <b>increased to 70% of the qualified wages</b> paid to the employee (up to \$10,000 per employee, which equates to a maximum tax credit of \$7,000 per employee per each of the first two quarters in 2021). This increase now includes the cost to continue providing healthcare benefits.  This max total of \$14,000 per employee is available even if the employer received the original \$5,000 tax credit in 2020.	The amount of the tax credit will be <b>extended through all four quarters of 2021</b> . This updated the <b>maximum tax credit to \$28,000 per employee</b> and includes the cost to continue providing healthcare benefits.  This max tax credit per employee is available even if the employer received the original \$5,000 tax credit in 2020.