



New COVID-19 Employer Tax Credits

The Employee Retention Credit

The Employee Retention Credit is designed to encourage employers to keep employees on their payroll. The refundable tax credit is 50% of up to \$10,000 in qualified wages paid to an employee by an eligible employer experiencing economic hardship related to COVID-19. This credit is for wages paid from 3/13/2020 through 12/31/2020.

The credit is generally available to all employers regardless of size, including tax-exempt organizations.

Federal, state and local governments and their agencies or instrumentalities are not eligible.

2 EXCEPTIONS

Businesses that receive a Small Business Interruption Loan under the Paycheck Protection Program are not eligible.

Eligible employers must fall into one of two categories:

1 The employer's business is fully or partially suspended by government order due to COVID-19 during the calendar quarter.

2 The employer has a significant decline in gross receipts. This begins with the first quarter in 2020 when an employer's gross receipts are below 50% of the same quarter in 2019.

Qualified wages paid by an eligible employer from 03/13/2020 through 12/31/2020 include related qualified health plan expenses and vary based on the average number of a business' employees in 2019.

100 or fewer employees

If the employer averaged 100 or fewer full-time employees in 2019, the credit is based on qualified wages paid to all employees, whether they worked or not. Even if the employees worked full time and were paid for full-time work, the employer still receives the credit.

More than 100 employees

If the employer averaged more than 100 full-time employees in 2019, then the credit is allowed only for qualified wages paid to employees for time they're not providing services during the calendar quarter.

An employer cannot use the same wages for the Employee Retention Credit and the credits for paid sick and family leave.

NOTE: Aggregation rules apply in determining eligibility for the Employee Retention Credit and the impact of the rules outlined above. For more information, see www.irs.gov/newsroom/faqs-employee-retention-credit-under-the-cares-act.

Leave Credits

The paid sick leave credit and paid family leave credit are available for eligible employers who pay qualified sick leave wages and/or qualified family leave wages from 4/1/2020 through 12/31/2020, and who have fewer than 500 employees.

Type of Credit	IF an employee is unable to work because:	Then
Paid Sick Leave Credit	<ul style="list-style-type: none"> • They're subject to a COVID-19 quarantine or isolation order. • They're advised to self-quarantine because of COVID-19. • They have COVID-19 symptoms and are seeking a medical diagnosis. 	<p>The credit is at the employee's regular rate of pay, up to \$511 per day and \$5,110 in total up to 80 hours. The employer is also eligible for credits for qualified health plan expenses for the employee and the employer's portion of Medicare tax expenses related to the qualified wages.</p>
Paid Sick Leave Credit	<ul style="list-style-type: none"> • They're caring for someone who is subject to a COVID-19 quarantine or isolation order, or for someone who is advised to self-quarantine because of COVID-19. • They're caring for a child whose school or place of care is closed due to COVID-19. • They're caring for a child whose child care provider is unavailable due to COVID-19. 	<p>The credit is for two-thirds of the employee's regular rate of pay, up to \$200 per day and \$2,000 in total, for up to 80 hours. The employer is also eligible for credits for qualified health plan expenses for the employee and the employer's portion of Medicare tax related to the qualified wages.</p>
Paid Family Leave Credit	<ul style="list-style-type: none"> • They're caring for a child whose school or place of care is closed due to COVID-19 • They're caring for a child whose child care provider is unavailable due to COVID-19. 	<ul style="list-style-type: none"> • This credit is equal to two-thirds of the employee's regular rate of pay, capped at \$200 per day or \$10,000 in total. • Up to 10 weeks of qualifying leave can be counted toward the Family Leave Credit. This can be combined with the sick leave credit, so an employer could be entitled to a credit for pay for up to 12 weeks – 2 weeks of sick leave and 10 weeks of family leave. • The employer is also eligible for credits for qualified health plan expenses for the employee and the employer's portion of Medicare tax related to the qualified wages.

For more details, see: www.irs.gov/coronavirus/new-employer-tax-credits