

# CARES Act Employee Retention Credit

## WHAT IS IT?

Credit against applicable employment taxes of 50% of qualified wages up to \$10,000 (\$5,000 maximum credit per employee) effective for wages paid between March 1, 2020 – December 31, 2020.

### Am I Eligible?

You **ARE** eligible (includes tax-exempt organizations) if you are an employer who...

- **CARRIED ON A TRADE OR BUSINESS DURING CALENDAR YEAR 2020; AND**
- **THE OPERATION OF THAT TRADE OR BUSINESS IS EITHER:**
  - ⦿ Fully or partially suspended due to orders from a governmental authority limiting commerce, travel or group meetings due to COVID-19; OR
  - ⦿ Receiving gross receipts, for at least one calendar quarter, that are less than 50% of the gross receipts during the same calendar quarter(s) in the prior year (applicable until quarter exceeds 80% of same calendar quarter in prior year).

### Against what employment taxes does the Employee Retention Credit apply?

- The credit is allowed against the employer portion of Social Security taxes.

### How would I claim the tax credit for qualified wages?

- You would report total qualified wages and related credit for each quarter on your federal employment tax return (form 941 – Employer’s Quarterly Federal Tax Return).

### May I receive the credit if I received a loan under the Paycheck Protection Program?

- **NO**, you cannot take this credit if you receive a Paycheck Protection Program loan.

### I am interested! Where can I find more information?

The following link is to the tax credit FAQ on the IRS website: 

**FAQs: Employee Retention Credit under the CARES Act**

*This document contains extremely specific information you will find essential to properly access this credit.*

### We're here to help...

**David Wawrzynek, MS, MBA**  
Senior Director, Fiscal Practice Improvement  
Coordinated Care Services, Inc.  
[DWawrzynek@ccsi.org](mailto:DWawrzynek@ccsi.org)

**CLICK HERE...to let us know if this article was helpful**



## CARES Act Delay of Payment of Employer Payroll Taxes

### WHAT IS IT?

The CARES Act allows employers to defer the deposits and payment of employer's share of Social Security taxes for tax that would otherwise be required to be made during the period beginning on March 27, 2020, and ending December 31, 2020.

### Who is Eligible?

➔ **ALL** Employers

### When will I have to pay my deferred tax liability?

- ➔ 50% of your deferred tax liability will be due by December 31, 2021, with the remaining 50% due by December 31, 2022.

### I received a loan under the Paycheck Protection Program. Can I defer payroll tax payment?

- ➔ Yes, **BUT** you can only defer your employer's share of Social Security for the period beginning on March 27, 2020, through the date that your lender issues a decision to forgive your loan. Once you receive a decision from your lender that your Paycheck Protection Program loan is forgiven, you are no longer eligible to defer deposit and payment of your employer's Social Security taxes after that date.

### I am interested! Where can I find more information?

The following is a link to the tax credit deferral FAQ on the IRS website:



**Deferral of employment tax deposits and payments through December 31, 2020**

*This document contains extremely specific information you will find essential to properly access this credit.*

### We're here to help...

**David Wawrzynek, MS, MBA**  
Senior Director, Fiscal Practice Improvement  
Coordinated Care Services, Inc.  
[DWawrzynek@ccsi.org](mailto:DWawrzynek@ccsi.org)

**CLICK HERE...to let us know if this article was helpful**

# Tax Credits for the Qualified Leave Wages Under the Families First Coronavirus Response Act (FFCRA)

## WHAT IS IT?

The FFCRA gives employers with fewer than 500 employees funds to provide employees with paid sick and family medical leave for reasons related to COVID-19 for either the employee's own health needs or to care for family members. Workers may receive up to 80 hours of paid sick leave for their own health needs or to care for others and up to an additional 10 weeks of paid family leave to care for a child whose school or place of care is closed or unavailable due to COVID-19 precautions.

### Am I Eligible?

#### What is the amount of refundable tax credits available to me?

- ▶ The credit covers 100% of up to 10 days of the qualified sick leave wages and up to 10 weeks of the qualified family leave wages (and any qualified health plan expenses allocable to those wages) that you paid during a calendar quarter, plus the amount of your share of Medicare taxes imposed on those wages.

#### For what time period does this apply?

- ▶ You are eligible to claim tax credits for qualified leave wages paid to employees on leave taken beginning on April 1, 2020, and ending on December 31, 2020.

#### Qualified health plan expenses allocable to wages eligible for credit are included. How would I determine that amount?

- ▶ Per the IRS: "Generally, the tax credits for qualified sick leave wages and qualified family leave wages are increased by the qualified health plan expenses allocable to each type of qualified leave wages. Qualified health plan expenses are properly allocated to the qualified sick or family leave wages if the allocation is made on a pro rata basis among covered employees (for example, the average premium for all employees covered by a policy) and pro rata on the basis of periods of coverage (relative to the time periods of leave to which such wages relate). The amount of qualified health plan expenses taken into account in determining the credits generally includes both the portion of the cost paid by the Eligible Employer and the portion of the cost paid by the employee with pre-tax salary reduction contributions. However, the qualified health plan expenses should not include amounts that the employee paid for with after-tax contributions."

#### If I participate, how will I claim the credits?

- ▶ You will report your qualified leave wages and related credits for each quarter on your federal employment tax return (Form 941 – Employer's Quarterly Federal Tax Return). In anticipation of receiving the credits, you can fund qualified leave wages by accessing federal employment taxes, including withholding taxes, that are required to be deposited with the IRS or by requesting an advance from the IRS.

#### I am interested! Where can I find more information?

The following is a link to the qualified leave tax credits FAQ on the IRS website:



**COVID-19-Related Tax Credits for Required Paid Leave Provided by Small and Midsize Businesses FAQs**

*This document contains extremely specific information you will find essential to properly access this credit.*

#### We're here to help...

**David Wawrzynek, MS, MBA**

Senior Director, Fiscal Practice Improvement  
Coordinated Care Services, Inc.

[DWawrzynek@ccsi.org](mailto:DWawrzynek@ccsi.org)

**CLICK HERE...to let us know if  
this article was helpful**