

# Save on Payroll Taxes with the COVID-19 ERC

## ELIGIBILITY

The COVID-19 Employee Retention Credit is a refundable payroll tax credit intended to assist businesses impacted by the coronavirus.

ERC is available to employers, including tax-exempt and certain government organizations, that satisfy **EITHER** of the following:

1. Operations were fully or partially suspended due to orders from an appropriate governmental authority; or
2. Has gross receipts for at least one calendar quarter < 50% in 2020 (or < 20% in 2021) of the gross receipts as compared to 2019.

## OPPORTUNITY

- ERC up to \$19,000 per employee;
- ERC offsets employers' 6.2% FICA liability and any remaining credit is refunded;
- ERC is calculated quarterly provided Employer satisfies quarterly eligibility requirements;
- Ability to capture retroactively if employer did not capture in prior periods; and
- Subsequent ERC changes expands availability and increases benefit in 2020 and 2021 tax years.

## PROCESS

- Determine if you are an eligible employer for ERC for any quarters by applying each test separately.
- Based on your employment level in 2019, determine your ERC eligible wages.
- Compute your ERC qualified wages (excluding wages used for PPP forgiveness and other tax credits).
- Calculate ERC and coordinate efforts with your payroll provider on options to claim benefit.
- Complete audit file substantiating ERC.

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