

# Eligibility and Criteria Details for Employee Retention Credit 2021

**DLA** DISASTER  
LOAN ADVISORS™

## ERC / ERTC FINANCIAL SERIES

CLAIM UP TO A \$26,000  
REFUND PER EMPLOYEE

# ELIGIBILITY AND CRITERIA DETAILS FOR EMPLOYEE RETENTION CREDIT 2021

The Internal Revenue Service (IRS) released extensive guidance on the Employee Retention Credit (ERC) in August 2021, which provided helpful clarification on several issues previously associated with the credit.

It's a little confusing for some people to figure out the eligibility criteria for the ERC, which is a refundable tax credit for keeping payroll throughout 2020 and 2021. This detailed description of the Employee Retention Credit eligibility criteria for 2021.

## What is Employee Retention Credit?

Employee Retention Credits (ERCs) can offset certain employment taxes paid by authorized firms after March 12, 2020, but before January 1, 2021.

On Form 941 for the quarter in which the [qualifying wages](#) were paid, businesses estimated the total qualifying earnings and the associated COVID-19 employee retention credit. However, it should be mentioned that in 2021, the rules will be changed.

According to the Coronavirus Aid, Relief, and Economic Security (CARES) Act, employers who received Paycheck Protection Program (PPP) loans were not eligible for the ERC unless the loans were paid back before May 18, 2020.

Later, this clause was abolished by the Taxpayer Certainty and Disaster Tax Relief Act of 2020, allowing anyone who [received a PPP Loan to qualify for the Employee Retention Credit](#). The excess was considered an overpayment and was returned to the employer if the credit amount exceeded the employer's share of those federal employment taxes.

To calculate the employer's credit for the quarter ending June 30, 2020, wages paid over the period March 13, 2020, to March 31, 2020, met the employee retention credit documented on the second quarter Form 941.

As a result, the credit was permitted against the company's share of social security taxes (6.2% rate) and railroad retirement tax on all earnings and wages paid to all employees for the quarter.

However, earnings paid with the PPP loan do not count as creditable wages.

## Who is Eligible for Employee Retention Credit 2021?

**One of the following conditions, which must be met in the calendar quarter in which the company wants to use the credit, determines whether an [employer qualifies for the ERC](#):**

- Due to government orders, the employee has been forced to cut back on business hours or completely halt operations.
- The employee suffered a substantial drop in quarterly gross sales compared to 2019.
- 2020 has a 50% decrease in revenue compared to 2019.
- 2021 has a 20% decrease in revenue compared to 2019.
- The person has started a company or trade after February 15, 2020, generating yearly gross revenues of no more than \$1 million.

## Are All Employees Eligible for the Employee Retention Credit?

The credit is accessible to all qualifying employers of any size that paid their employees appropriate wages. If an employer didn't previously [claim the ERC](#), they could do it retrospectively for the times that it was in the company. However, other criteria apply to firms with less than 100 workers and less than 500 employees for specific sections of 2020 and 2021.

The Infrastructure Investment and Jobs Act ([IIJA](#)) retrospectively ended the ERC on October 1, 2021, except for recovery startup businesses, which had time until December 31, 2021. You may, however, submit a revised [Form 941-X](#), Quarterly Employment Tax Return, for any period in which you were eligible but did not submit an ERC claim.

The Coronavirus Aid, Relief and Economic Security Act established the ERTC, signed into law in **March 2020**, also known as the Employee Retention Credit (ERC), to incentivize companies to keep people on their payroll. In addition, Congress encouraged firms to continue paying their employees into 2020.

## Employee Retention Credit Requirements

**Following are the requirements of ERC for any employee:**

- Employers can submit up to \$5k per employee for 2020 and up to \$7k per person for each qualifying quarter in 2021.
- A payroll tax credit under the ERC is available to qualifying employers to offset any federal employment taxes paid between March 13, 2020, and September 30, 2021.
- Employers that experience a governmental order-related suspension of operations as a result of COVID-19 are also eligible, as are those who saw a considerable drop in gross revenues of at least 50% in 2020 and at least 20% in 2021 compared to 2019

Learn more about [How Does Employee Retention Credit Work](#).

## Employee Retention Credit Rules

You must meet several [guidelines and conditions to claim the ERC](#). These consist of:

### Rules for Attribution

Importantly, attribution guidelines are used to establish ERC eligibility.

If members from a group of corporations, trades, or enterprises have attribution under IRC, these attribution requirements generally apply to them.

**As the attribution rules are relevant, each employer business is regarded as a single employer for the following purposes:**

- Identifying any trade or commercial operations the employer had that were wholly or partially halted due to COVID-19 Government orders.
- They were determining if the employer's gross earnings fell significantly.
- Figuring out if the business averaged more employees than the required minimum, which might otherwise restrict the ERC.
- Calculating the maximum credit limit for each employee. To [calculate ERC](#) eligibility and the ERC credit amount, taxpayers who share ownership in many businesses must be cautious about applying the attribution criteria correctly.

An eligible employer that wants to be subject to this duty must carefully examine the relevant governmental orders and how they affected ongoing company activities when the directives were in the company during the eligible quarter.

## **Recovery Startup Business**

As modified, the Internal Revenue Code of 1986 now has a new section 3134. A recovery starting firm was granted an ERC under section 3134(b) (2) for the third and fourth quarters of 2021, with a cap of \$50k per calendar quarter and federal payroll taxes.

A recovery startup business may be eligible for the ERC regardless of whether it meets the above mentioned full or partial suspension of operations if the governmental order or significant decline in [gross receipts](#) criteria.



However, taxpayers should be aware that complicated tax averaging laws and other regulations like employee wages may influence whether the employer satisfies the criteria for a recovery beginning firm.

## How to Calculate Employee Retention Credit?

You must first determine the total eligible salaries for each quarter to qualify for the ERC, after which you must subtract those costs from your quarterly deposit.

You can immediately apply for the credit if your 2020 taxes have already been filed while following all the tax rules.

Check out [Employee Retention Credit: How to Calculate](#).

## Employee Retention Credit Deadline

President Biden signed the Infrastructure Investment and Jobs Act (IIJA) into law on November 15, 2021.

As a result, the Employee Retention Credit expiry date was changed from December 31, 2021, to September 30, 2021 (for organizations or companies other than ARPA Recovery Startup Businesses).

Businesses can [claim the Employee Retention Tax Credit \(ERTC\) retroactively](#). However, on April 15 of the year following the current calendar quarter, the three-year statute of limitations for payroll taxes begins to run.

Therefore, for ERTC claims from 2020, you would have until April 15, 2024, and for ERTC claims from 2021, you would have until April 15, 2025.

Learn more about Everything You Should Know About [Employee Retention Tax Credit Deadline](#).

## Conclusion and Summary of Eligibility and Criteria Details for Employee Retention Credit 2021

Employers who meet the requirements may profit from the ERC. The requirements include: The COVID-19 governmental authority shutdown for any quarter in 2020 had to entirely or partially halt your business operations for that quarter, or your gross receipts for that quarter had to be less than 50% of your gross receipts for that same quarter in 2019, for a variety of tax reasons.

Businesses that want to apply for the credit should be sure they meet the requirements to take advantage of the benefits.



**Schedule Your [Employee Retention Credit Consultation](#)** to see what amount of employee retention tax credit your company qualifies for.

# EMPLOYEE RETENTION TAX CREDIT (ERC / ERTC) HELP: CLAIM UP TO A \$26,000 REFUND PER EMPLOYEE FOR YOUR BUSINESS

Disaster Loan Advisors™ can **assist your business with the complex and confusing** Employee Retention Tax Credit (ERTC) and Employee Retention Credit (ERC) program.

Depending on eligibility, business owners and companies can **receive up to \$26,000 per employee** based on the number of W2 employees you had on the payroll in 2020 and 2021.

The ERC / ERTC Program is a **valuable tax credit you can claim**. This is money you have already paid to the IRS in payroll taxes for your W-2 employees.

Done correctly, **these tax credits or cash refunds can be retroactively claimed for up to 3 years**.



It's encouraged that business owners **obtain professional assistance in going through the complex 941-X amended filing process** to help your company **maximize** the full value of the ERC / ERTC program.



**4/15/24 is the Deadline to Amend the 2020 Tax Year.**  
**4/15/25 is the Deadline to Amend the 2021 Tax Year.**



**Schedule Your [Employee Retention Credit Consultation](#)**  
to see what amount of employee retention tax credit your company qualifies for.

As seen on...

**yahoo!**  
finance

**Bloomberg**

**AP**

**BUSINESS  
INSIDER**

**crunchbase**

**yahoo!**  
news



# SCHEDULE YOUR FREE CONSULTATION CALL NOW

<https://www.DisasterLoanAdvisors.com/contact>

**EMAIL + WEBSITE:**

support@disasterloanadvisors.com  
DisasterLoanAdvisors.com

**PHONE:**

877-463-9777 toll-free  
702-997-1222 main

**CORPORATE MAILING ADDRESS:**

Disaster Loan Advisors™ (DLA)  
a 7 Figure PR™ Brand Company  
9030 W Sahara Ave # 400  
Las Vegas, Nevada 89117

**DLA** DISASTER  
LOAN ADVISORS™

**EDITORIAL POLICY / DISCLAIMERS:**

The Disaster Loan Advisors™ content presented is for Editorial News Publication and for informational and educational purposes only. Any company names or brand names mentioned and reported on, may be trademarks of their respective owners. Our publication or website is NOT endorsed by these in any way. We are sharing this content with our readers and the Disaster Loan Advisors™ Community for social and news editorial purposes only.

We are not part of the SBA. Our company or website is not endorsed by the SBA in any way. The SBA is a federal government agency. Their official website is SBA.gov. Disaster Loan Advisors™ is an "Agent" and we provide Consulting, Application Preparation, EIDL Loan Reconsideration Requests, EIDL Loan Increase Requests, and other Advisory "Agent Services" as defined by the SBA.

**Limitation of Liability**

Disaster Loan Advisors™ / DisasterLoanAdvisors.com makes no representations, warranties, or assurances as to the accuracy, currency or completeness of the content contained herein or any websites linked to this content. This communication contains general information only. None of Disaster Loan Advisors™ / DisasterLoanAdvisors.com, its member firms, owners, partners, shareholders or their related entities is, by means of this content / communication, rendering professional legal, accounting, tax, investment, or financial advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional legal, accounting, tax, investment, or financial advisor. No individual or entity associated with Disaster Loan Advisors™ / DisasterLoanAdvisors.com shall be responsible for any loss whatsoever sustained by any person who relies on this content / communication.

For Full Terms and Disclaimers, see:

<https://www.disasterloanadvisors.com/terms>

Copyright © Disaster Loan Advisors™ and DisasterLoanAdvisors.com. All Rights Reserved.

Cover License & Image Credit: 123rf.com / Fizkes and Envato Market / Creativesigne and Disaster Loan Advisors™.