

What is the CARES Act Employee Retention Credit?

DLA DISASTER
LOAN ADVISORS™

**ERC / ERTC
FINANCIAL SERIES**

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

WHAT IS THE CARES ACT EMPLOYEE RETENTION CREDIT?

The last two years have been challenging for everyone, including businesses that suffered greatly from the COVID-19 pandemic, people's movement restrictions, and economic hardship. As a result, the USA federal government has stepped up to provide financial resources to these companies under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Since the Employee Retention Credit (ERC) was first included in the act, several modifications and additions have been made. The first was funded by the American Rescue Plan Act, and the second by the Consolidated Appropriations Act of 2021.

Firstly the ERC provisions were complicated, and later on, these changes made it more challenging, requiring a consultant for legal advice.

What is the CARES Act Employee Retention Credit?

ERC, created in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, is regarded as one of the most critical contributions from the government so far among so many financial resources.

The employer retention credit is a provision of the CARES Act that allows employers to claim a tax credit for each full-time employee who remains employed with the company for at least 36 months after being hired.

The credit is available to both small and large businesses. To qualify, the business must have at least 50 full-time employees and have filed taxes in at least two of the previous three years.

The ERC is a fully refundable tax credit by the US government for businesses. Here, the qualified company may get a refund equivalent to 50% of the eligible salaries, including healthcare costs.

ERC applies to [qualified wages](#) paid after March 12, 2020, but before January 1, 2021. The maximum credit for an eligible employer for preparing wages given to any employee is \$5,000. Therefore, each employee's total amount of qualified earnings for all calendar years is \$10,000.

Who is an Eligible Employer for the CARES Act Employee Retention Credit?

The CARES Act, a new federal law enacted on January 1, 2019, offers a tax credit worth up to \$2,500 per eligible employee. Businesses with at least 50 employees are [eligible for the credit](#). An eligible employee is:

- An individual who is employed in a full-time capacity.
- An individual has completed at least 26 weeks of service in a calendar year.
- An individual whose job duties require significant intellectual effort or skill.

Can an Eligible Employer Receive Employee Retention Credit and a Loan Under the Paycheck Protection Program (PPP)?

Unfortunately, no. If a company obtains a [PPP loan](#), they become ineligible to earn the Employee Retention Credit.

How is the ERC Amount Determined?

One of the simplest ways to demonstrate the ERC credit estimate is by understanding its various essential clauses. For example, if you're [eligible for ERC](#), there are two tax years:- 2020 and 2021.

For the tax year 2020,

For Tax Year 2020, you'll receive a credit of approximately 50 % of each employee's wages, with a cap of \$5000 maximum. So if you've 55 employees, you'll receive an ERC of $55 \times \$5000$. Additionally, you may claim group health plan fees from the qualified earnings.

For the tax year 2021,

For the tax year 2021, businesses are eligible to get 70% of qualified wages, which is \$10,000 for each employee. So if you have 55 employees, you'll get:

ERC $55 \times \$7000$ for the tax year 2021.

You may also claim the health plan fees for the qualified earnings.

Kindly note that though we've simplified the way of calculation, there are multiple clauses for ERC. Therefore, it's always better to consult a professional to get every penny of due payment. Learn more about [Employee Retention Credits - A Detailed FAQ Guide](#).

CARES Act Updates

Many changes have been made to the ERC in the most recent versions. One such prominent change is the flexibility to [apply for the ERC](#) and a tax credit under COVID-19. However, only one credit may not be claimed for the same pay.

Another important update is regarding the salary requirements for ERC calculations. Businesses cannot include paid leave compensation. If you're eligible for Restaurant Revitalization Fund (RRF) grants and closed venue operator awards, you're not eligible for ERC on your pay salaries. However, you may utilize Restaurant Revitalization Fund money until 2023 to cover costs.

CARES Act Laws

The US federal government created ERC under the Coronavirus Aid, Relief, and Economic Security (CARES) Act through the law, effective from March 2020. The primary purpose of the aid was to help employers keep workers on the payroll.

The Consolidated Appropriations Act of 2021 (CAA) and the American Rescue Plan Act are other measures influencing the act (ARPA). Through 2021, both bills modify and prolong credits and advance payments.

The CARES Act was enacted in response to the COVID pandemic, which saw increased unemployment and business closures across the United States. The CARES Act aims to help businesses retain employees and prevent them from leaving to find employment that pays more. As a result, the CARES Act will likely positively impact job security and economic growth by providing a [financial incentive for employers](#) to keep their employees.

Is an Employer Required to Pay Qualified Wages to Its Employees Under the CARES Act?

The CARES Act gives two options to businesses: either pay the employees' qualified wages and claim retention credit or elect not to [claim the Employee Retention Credit](#). So, employers don't need to pay qualified wages to the employees.

In the ERC program, small and medium-sized firms can receive up to 50% of the qualifying salaries earned from March 13 to December 31, 2020. Businesses can claim credit for 2021. CAA increases the tax credit to 70% paid through 2021.

What are "Qualified Wages"?

The definition of qualifying earnings depends on how many workers an eligible firm has.

For example, if an employer averaged more than 100 full-time employees during 2019, qualified wages generally include specific health care costs (up to \$10,000 per employee). These employers may only count earnings up to the amount that the employee would have been paid for working an equal length during the 30 days immediately before the time of economic hardship.

Suppose an employer averaged 100 or fewer full-time employees during 2019. In that case, qualified wages are those wages, including health care costs (up to \$10,000 per employee) paid to any employee during the period operations were suspended or the period of the decline in [gross receipts](#), regardless of whether or not its employees are providing services.

Under the CARES Act, employers are eligible for a retention credit if they keep at least 50% of their workers on the payroll for at least 180 days in any calendar year. The credit is calculated as a percentage of wages paid to employees during that period.

What are Other Coronavirus Tax Credits Available?

Due to COVID-19, you can apply for the ERC and a tax credit for giving paid leave. You cannot, however, claim both credits for the same income.

With the newest updates of ERC, there are various adjustments. Additionally, you cannot consider the paid leave compensation when establishing the qualifying wages for the ERC. This year, the surplus credits from the Employer Retention Tax Credit would also be helpful for health care benefits. Check out [Everything To Know About Employee Retention Credit - ERC Example](#).

Is there a CARES Act ERC Deadline?

Yes, there is a deadline of three years for claiming the Employee Retention Credit.

This three-year deadline is for businesses who missed the deadline to [claim ERC](#), so they are eligible to claim retroactively.

For your kind information, it needs to be clarified that wages earned after the third quarter of 2021 are no longer eligible for the employee retention tax credit. However, any business can claim the tax credit for tax years 2020 and 2021, up to three years from the initial filing date. Read more about [Employee Retention Credit Deadline](#) here.

Where Can I Get More Information About the Cares Act Employee Retention Credit?

You can visit the official "Internal Revenue Service" [website](#) to get more information.

Conclusion and Summary on What is The CARES Act Employee Retention Credit?

ERC is not just beneficial for businesses; it's a much-needed relief for the employees. Employees who worked for private companies and tax-exempt organizations throughout the calendar year and engaged in commerce or trade are eligible for this ERC. Additionally, workers who experienced a significant loss or a fall in their gross revenues during their calendar quarter are also qualified for the ERC.

If you're an employer, contact a tax expert as soon as possible to determine if your company qualifies for the employee retention credit. As long as you match the qualifying standards, it's worth looking into the Employee Retention Credit.



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 / Pressmaster and Envato Market / Creativesigne and Disaster Loan Advisors™.