



Eligibility for ERTC

2020 Employer Eligibility	
Who:	Eligible Employers that are entitled to claim the Employee Retention Credit are private-sector businesses and tax-exempt organizations that carry on a trade or business during calendar year 2020 and either:
Criteria:	[1] Have operations that were fully or partially suspended during any calendar quarter in 2020 due to orders from an appropriate governmental authority limiting commerce, travel, or group meetings (for commercial, social, religious, or other purposes) due to COVID-19; or [2] Experienced a significant decline in gross receipts during the calendar quarter. Decline defined as more than 50% of gross receipts compared to same quarter in 2019.
Company Size	100 or fewer FT Employees (in 2019)
Credits:	50% of first 10,000 in qualified wages earned from each employee 3/12 to 12/31/2020 (5k max per EE for 2020)
2021 Employer Eligibility	
Who:	Eligible Employers that are entitled to claim the Employee Retention Credit are private-sector businesses and tax-exempt organizations that carry on a trade or business during calendar year 2021 and either:
Criteria:	Have operations that were fully or partially suspended during any calendar quarter in 2020 due to orders from an appropriate governmental authority limiting commerce, travel, or group meetings due to COVID-19; or Experienced a significant decline in gross receipts during the calendar quarter. Decline defined as more than 20% of gross receipts compared to same quarter in 2019.
Company Size	500 or fewer FT Employees (in 2019)
Credits:	70% of first 10,000 in qualified wages earned for each employee <u>each quarter</u> (\$7,000 max per quarter) from 1/2/2021 to 12/31/2021

<https://www.irs.gov/newsroom/new-law-extends-covid-tax-credit-for-employers-who-keep-workers-on-payroll>

Example of Calculating Credits for 2020

Employee	Quarter in 2020	Qualified Wages	Calculated Credits	Max credit 2020
Peter	3rd Qtr	8,000.00	4,000.00	
Peter	4th Qtr	4,000.00	1,000.00	5,000.00
Paul	3rd Qtr	5,000.00	2,500.00	
Paul	4th Qtr	4,000.00	2,000.00	4,500.00
Mary	3rd Qtr	10,000.00	5,000.00	
Mary	4th Qtr	8,000.00	-	5,000.00
<i>Calculating 2020 ERTC - 50% of first 10,000 of qualified wages, per employee</i>				

Can employers with PPP Loans claim ERTC?

Yes, but employers who want to claim ERTC cannot double-dip; any payrolls covered by forgiven PPP loan amounts are excluded from qualified wage totals when determining ERTC.

What is the charge for ERTC Service?

Please check with your dedicated sales representative, they can provide you a quote on current fees.

How is ERTC processed?

Once qualified wages are totaled, and credits are calculated,ASURE will create/file an amended Form 941 return for each affected quarter. The credits will trigger a refund to the employer.

What are qualified wages?

Qualified wages are any wages and compensation paid by an eligible employer, per Sections 3121 and 3231 of Internal Revenue Code. For ERTC, qualified wages also include qualified health expenses “that are properly allocable to the wages” (pre-tax contributions).

<https://www.irs.gov/newsroom/covid-19-related-employee-retention-credits-determining-qualified-wages-faqs>



What are qualified health expenses?

Amounts paid or incurred by eligible employer to provide and maintain a group health plan. The amount taken into account includes the portion paid by employee with pre-tax amounts and the portion paid by the employer.

<https://www.irs.gov/newsroom/covid-19-related-employee-retention-credits-amount-of-allocable-qualified-health-plan-expenses-faqs>

Qualified health expenses do not include any health expenses paid by employee with after-tax deductions

Can Sole Proprietorships claim ERTC?

Yes. If Sole prop owner pays workers and files Form 941 then company could claim ERTC if eligible. Owner cannot include their own earnings as qualified wages, can only count wages of employees.

<https://www.irs.gov/newsroom/covid-19-related-employee-retention-credits-determining-which-employers-are-eligible-to-claim-the-employee-retention-credit-faqs>

Can Owners count their earnings as qualified wages for ERTC?

Generally, Yes. Exceptions: Sole Proprietorship owners and LLC Members who own >50% of business.

<https://www.irs.gov/newsroom/covid-19-related-employee-retention-credits-determining-which-employers-are-eligible-to-claim-the-employee-retention-credit-faqs>

What about wages paid to family members?

Wages paid to owner and owner's spouse can count as qualified wages. Wages paid to all other related individuals are not taken into account for ERTC.

<https://www.irs.gov/newsroom/covid-19-related-employee-retention-credits-determining-qualified-wages-faqs>

What about PPP Loans?

Clients who want to claim ERTC cannot double-dip; any payrolls covered by forgiven PPP loan amounts are excluded from qualified wage totals when determining ERTC.

Example: employer is eligible for credits in quarter 3 2020, which included these pay dates:
7/3, 7/17, 7/31 8/14, 8/28 9/11, 9/25

Let's further assume that employer covered August payrolls with forgiven PPP loan amounts

Outcome – when tabulating qtr 3 qualified wages, wages for 8/14 and 8/28 will be subtracted from qtr 3 qualified wage totals.

Note: client will need to provide date range of payrolls covered by PPP loan amounts when requesting ERTC Service



What if company was not in business in 2019?

2019 is the lookback period to determine eligibility using gross receipts method. If no data for 2019 then 2020 is used for comparison.

<https://www.irs.gov/newsroom/covid-19-related-employee-retention-credits-general-information-faqs>

What employee count determines eligibility for ERTC?

For 2020 credits, the threshold is 100 or fewer full-time EEs employed in 2019

For 2021 credits, the threshold is 500 or fewer full-time EEs employed in 2019

My company started with Asure in 2021 but needs to claim ERTC for 2020.

No problem, our ERTC Service can help. We can provide you a spreadsheet template to help capture payroll data, and we will need copies of all 941 tax returns for 2020 as well.

<https://www.irs.gov/newsroom/covid-19-related-employee-retention-credits-determining-when-an-employer-is-considered-to-have-a-significant-decline-in-gross-receipts-and-maximum-amount-of-an-eligible-employers-employee-retention#determining-when-employer-considered-have-significant-decline-in-gross-receipts>

Are PPP loan amounts added to gross receipts (to determine eligibility)?

No, PPP loans are excluded from gross receipts calculations.

<https://www.score.org/resource/new-paycheck-protection-program-ppp-loans-how-qualify-and-apply#:~:text=The%20amount%20of%20any%20forgiven,Internal%20Revenue%20Code%20of%201986>

Will VS Global Funding determine a client's eligibility for ERTC?

It is up to the client to weigh all factor and determine whether they are eligible for ERTC. Asure can share the latest guidance from IRS and other governmental sources, and once a client signs up we will go to work to calculate / process credits and amended all necessary tax returns.

Go-to Resources:

FAQs: Employee Retention Credit under the CARES Act

<https://www.score.org/resource/new-paycheck-protection-program-ppp-loans-how-qualify-and-apply#:~:text=The%20amount%20of%20any%20forgiven,Internal%20Revenue%20Code%20of%201986>.

2020 Guidance on ERTC – Tax Notice 2021-20

<https://www.irs.gov/pub/irs-drop/n-21-20.pdf>

2021 Guidance on ERTC – Tax Notice 2021-23

<https://www.irs.gov/pub/irs-drop/n-21-23.pdf>

But wait, there's more!