

## ***Employee Retention Tax Credit Extended and Revised***

*2020 Planning Alert:* *If your business operations were fully or partially suspended due to the NC Executive order last spring OR your revenue declined by 50% in any quarter in 2020 as compared to the prior year, (due to a drop in membership dues and/or suspended annual conference, etc.) then you may be eligible for a potentially substantial tax credit. Please reach out to your payroll provider to claim this credit as the credit is claimed on your fourth quarter payroll report. However, many 941 were already filed and/or their systems were not updated to handle the credit, therefore, you can file an amended 941x to claim the credit at a later date.*

*The Consolidated Appropriations Act of 2021 was signed into law on December 27, 2020. Employers are allowed a refundable tax credit equal to 50 percent of wages paid by employers to employees during the COVID-19 crisis that were not covered by PPP funds (\$10k/ee wage cap, \$5k/ee credit cap). Employers qualify if A) their operation was fully or partially suspended due to orders from a governmental authority related to COVID-19, OR B) recognized a 50 percent decline in gross receipts in any quarter in 2020 compared to the prior year.*

*2021 Planning Alert:* *If your revenue declines by 20% (reduced from 50%) in any quarter in 2021 as compared to 2019, then you may also be eligible for the Employee Retention Tax Credit in 2021. The refundable tax credit is increased to 70 percent of wages paid (up from 50%).*

*Please review your finances and determine if you may be eligible for these tax credits. If you think that you may be eligible, please contact your payroll provider to ensure that they report the tax credit. As always, we at Stancil are happy to assist you with eligibility determination, the technical calculation and reporting of the tax credit. Please feel free to reach out for additional information.*