

Employee retention credit for businesses affected by COVID-19

The [employee retention credit](#) encourages businesses to keep employees on their payroll.

Eligible employers can claim this refundable tax credit for 50% of up to \$10,000 in wages, including related health care costs. The maximum credit is \$5,000 per employee. It can be applied against certain employment taxes.

Employers can claim the credit for qualified wages paid between March 13, 2020 and December 31, 2020 on Form 941 or submit Form 7200 for an advance credit.

The credit is available to all eligible employers regardless of size, including tax-exempt organizations. There are two exceptions: federal, state and local government entities and their agencies, and businesses that take small business interruption loans.

For more information, visit the [New Employer Tax Credits](#) page on IRS.gov.