



ERC Guidelines

The CARES Act of 2020 established the Employee Retention Credit. The Consolidated Appropriations Act of 2021 made some changes. As a result, different rules apply for 2020 and 2021 ERC eligibility and credits.

Guideline	2020	2021
Eligibility due to government-mandated shutdown	Business operation fully or partially suspended	Business operation fully or partially suspended
Eligibility due to significant decline in gross receipts	Gross receipts for a quarter are less than 50% of receipts in same quarter of 2019	Gross receipts for a quarter are less than 80% of receipts in same quarter of 2019
Effective dates	March 13, 2020 to December 31, 2020	December 31, 2020 to June 30, 2021
Interaction with PPP Loans	A business was ineligible for the ERC if they had not received a Paycheck Protection Program (PPP) Loan. New law removes 2020 PPP loans as disqualifier, as long as payroll identified for the ERC was not paid out of PPP funds	A business may take advantage of both the PPP and the ERC as long as the payroll identified for the ERC was not paid out of PPP funds
Qualified wages per employee	Maximum \$10,000 per quarter per employee	Maximum \$10,000 per quarter per employee
Maximum credit allowed per employee (paid per quarter)	50% of wages, maximum \$5,000 per employee, per year	70% of wages, maximum \$7,000 per employee, per quarter
Business size where limits apply	More than 100 employees (Businesses with fewer than 100 employees can claim credits for all employees)	More than 500 employees
Family members' wages qualify for ERC	No	No
Business owner's wages qualify for ERC	No	No
Health Plan Expenses paid by the employer on behalf of employees and health care expenses paid with employees' pre-tax salary reduction contributions.	Yes	Yes