

What You Need to Know About New ERC Provisions

Here's a breakdown of changes to the ERC across 2020 and 2021.

	<u>2020</u>	<u>2021 – Q1 & Q2</u>	<u>2021 – Q3 & Q4</u>
Time Period	March 13, 2020, to December 31, 2020	January 1, 2021, to June 30, 2021 (credit computed for each quarter)	July 1, 2021, to December 31, 2021 (credit computed for each quarter)
Credit Rate	50%	70%	
Qualified Wages	Can qualify up to \$10,000 per employee	Can qualify up to \$10,000 per employee per quarter	
Maximum Credit per Employee	\$5,000 aggregate	\$7,000 per quarter with a max of \$28,000 per employee for 2021	
Eligible Small Employer	Less than or equal to 100 full-time employees	Less than or equal to 500 full-time employees	
Eligibility Requirements: Decline in Gross Receipts	Gross receipts decline of greater than 50% in any quarter in 2020 vs. 2019	Gross receipts decline of greater than 20% in that same quarter in 2021 vs. 2019	
Lookback Provision for Gross Receipts	Not applicable	Look back to the preceding quarter to meet qualification criteria if the above is not met. (ie: Instead of a comparison of 1st QTR 2021 to 1st QTR 2019, they can use 4th QTR 2020 to 4th QTR 2019.)	
Governmental Instrumentalities Eligible	No	Public colleges, universities, organizations whose principal purpose is providing medical or hospital care, certain federal instrumentalities like credit unions	

	<u>2020</u>	<u>2021 – Q1 & Q2</u>	<u>2021 – Q3 & Q4</u>
Recovery Start-up Business	Not Applicable		New category of qualified business that started 2/15/2020 or later and limited to \$50,000 in credit per quarter
Severely Financially Distressed Employer	Not Applicable		Gross receipts down over 90% in Q3 or Q4 vs. 2019 and eligible small employer rules ignored
Overlapping Provisions – Don’t Double Dip!	PPP, FFCRA, WOTC, FMLA	PPP, FFCRA, WOTC, FMLA, R&D, Indian Employment, Veterans, Empowerment Zone	PPP, FFCRA, WOTC, FMLA, R&D, Indian Employment, Veterans, Empowerment Zone, SVO Grants, Restaurant Revitalization Grants



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