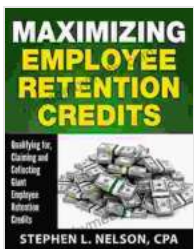


Qualifying For Claiming And Collecting Giant Employee Retention Credits

The Employee Retention Credit (ERC) is a tax credit that was created to help businesses keep their employees on the payroll during the COVID-19 pandemic. The credit is available to businesses of all sizes, and it can be claimed for wages paid from March 13, 2020, through December 31, 2021.



Maximizing Employee Retention Credits: Qualifying for, Claiming and Collecting Giant Employee Retention

Credits by Amy Boyles

★★★★☆ 4.2 out of 5

Language	: English
File size	: 2813 KB
Text-to-Speech	: Enabled
Screen Reader	: Supported
Enhanced typesetting	: Enabled
Word Wise	: Enabled
Print length	: 127 pages
Lending	: Enabled



The ERC is a refundable tax credit, which means that businesses can receive a refund from the IRS for the amount of the credit. The credit is equal to 50% of qualified wages paid to employees, up to a maximum of \$5,000 per employee for 2020 and \$7,000 per employee per quarter in 2021.

To qualify for the ERC, businesses must meet the following criteria:

- The business must have been affected by COVID-19, such as by experiencing a decline in gross receipts.
- The business must have paid qualified wages to employees.
- The business must have maintained the same number of employees or increased the number of employees.

Businesses that meet the eligibility criteria can claim the ERC on their quarterly payroll tax returns. The credit is refundable, so businesses can receive a refund from the IRS for the amount of the credit.

The ERC is a valuable tax credit that can help businesses keep their employees on the payroll during the COVID-19 pandemic. Businesses that are eligible for the credit should claim it on their quarterly payroll tax returns.

How to Calculate the ERC

The ERC is calculated based on the qualified wages paid to employees. Qualified wages include:

- Wages paid to employees who are not working due to COVID-19
- Wages paid to employees who are working reduced hours due to COVID-19
- Wages paid to employees who are teleworking due to COVID-19

The ERC is not available for wages paid to employees who are:

- Self-employed

- Owners of more than 50% of the business
- Related to the business owner

The ERC is calculated by multiplying the qualified wages paid to employees by 50%. The maximum credit is \$5,000 per employee for 2020 and \$7,000 per employee per quarter in 2021.

How to Claim the ERC

Businesses can claim the ERC on their quarterly payroll tax returns. The credit is refundable, so businesses can receive a refund from the IRS for the amount of the credit.

To claim the ERC, businesses must complete Form 941, Employer's Quarterly Federal Tax Return. The form can be found on the IRS website.

On Form 941, businesses must report the following information:

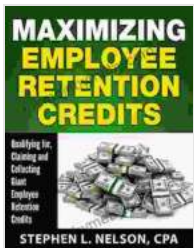
- The amount of qualified wages paid to employees
- The number of employees who were paid qualified wages
- The amount of the ERC that is being claimed

Businesses must also attach Form 8974, Credit for COVID-19 Employee Retention to Form 941. Form 8974 provides additional information about the ERC, such as the calculation of the credit and the eligibility criteria.

The IRS has issued a number of frequently asked questions (FAQs) about the ERC. The FAQs can be found on the IRS website.

The ERC is a valuable tax credit that can help businesses keep their employees on the payroll during the COVID-19 pandemic. Businesses that are eligible for the credit should claim it on their quarterly payroll tax returns.

If you have any questions about the ERC, please consult with a tax professional.



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