

ANDERS BUSINESS RECOVERY

EMPLOYEE RETENTION TAX CREDIT (ERTC)

The Consolidated Appropriations Act (CAA) contains provisions to fund government operations, provides economic support to individuals and businesses and includes extensive tax law changes. One significant provision focuses on the changes to the Employee Retention Tax Credit (ERTC). The signing of the Infrastructure Investment and Jobs Act on November 15, 2021 retroactively ended the ERTC as of September 30, 2021 for all employers other than recovery startup businesses.

IS MY BUSINESS ELIGIBLE FOR THE ERTC IN 2021?

Were gross receipts for Q1, Q2 or Q3 in 2021 less than 80% of gross receipts for the same calendar quarter in 2019?
OR
Were gross receipts for the immediately preceding calendar quarter less than 80% of gross receipts for the corresponding calendar quarter in 2019?

NO

YES

Was the business fully or partially suspended by an appropriate governmental authority during Q1, Q2 or Q3 in 2021?

Qualified wages in this quarter are eligible.

NO

YES

The business is **NOT** eligible for the ERTC for 2021 unless it qualifies as a recovery startup business.**

Qualified wages only during this time period of business suspension are eligible for the ERTC.

WHAT QUALIFIED WAGES ARE ELIGIBLE FOR THE ERTC?

Were average 2019 full-time employees (FTEs) greater than 500?

NO

YES

All wages paid to employees (working or not) can give rise to the credit.

Were employees who were not working or performing services (i.e. furloughed) paid (including their healthcare costs)?

NO

YES

No wages are eligible for the ERTC for 2021.

Only these wages paid to employees **NOT** working can give rise to the credit.

*For the 2021 ERTC, qualified wages are those paid from January 1, 2021 to September 30, 2021. Qualified wages are limited to \$10,000 per employee per quarter for a maximum 70% credit of \$7,000 per employee per quarter.

**A recovery startup business is any employer that: 1) began carrying on a trade or business after 2/15/2020, and 2) had average annual gross receipts of less than \$1 million. The recovery startup business ERTC is available only in 3Q & 4Q 2021 up to the \$50,000 credit maximum each quarter.