

There has been a growing demand in requests for information on the Employee Retention Tax Credit (ERTC). We want to provide you with accurate details on this program and set realistic expectations of qualifications for healthcare providers. We also want to caution you as to whom you work with as there are many aggressive organizations that are targeting healthcare providers who may not provide you with the most accurate qualification information and charge a high fee based on a percentage of the amount of credit

## **Employee Retention Tax Credit (ERTC)**

### **General Rules:**

Qualified employers can claim a credit of 50% on employee qualified wages paid from March 13, 2020, through December 31, 2020. The maximum eligible wages per employee are \$10,000, resulting in a maximum annual credit of up to \$5,000 per employee.

For 2021, the credit is 70% of qualified wages per employee per quarter, with a maximum of \$7,000 per quarter. Credit is good for quarters ending March 31, 2021, June 30, 2021, and September 30, 2021, so you can earn up to \$21,000 per employee.

### **How to Qualify:**

To qualify for the credit, an employer must meet **all** the following criteria:

1. The employer must have carried on a trade or business during 2020 or 2021; and
2. The operation of that trade or business either:
  - a. Was fully or partially suspended due to orders from an appropriate federal, state, or local governmental-authority limiting commerce, travel or group meetings due to COVID-19; **OR**
  - b. Have a significant decline in gross receipts for the quarter.
    - For 2020 ERTC eligibility, a significant decline in gross receipts for the quarter is one in which the gross receipts are less than 50% of the gross receipts received during the same quarter in 2019.
    - For 2021, a significant decline in gross receipts quarter is one in

which the gross receipts are 20% less than the gross receipts received during the same quarter in 2019. Each quarter can qualify on its own.

### **What Wages Qualify:**

Only wages and certain healthcare costs paid during a covered period can qualify for the ERTC. If a company qualifies under the gross receipts reduction, then the entire quarter is the covered period. However, if a company qualifies under a government order, the qualified period is the time frame the order was in effect.

In addition, for employers with over 100 average full-time employees, the 2020 ERTC is available only on wages paid to employees for not working. For 2021, the employee limit is increased to 500.

The employee threshold is based on the average number of full-time employees during 2019. The term “full-time employee” means an employee who with respect to any calendar month in 2019, had an average of at least 30 hours of service per week or 130 hours of service in the month.

Any company that took a PPP and/or PPP2 loan must take care to be sure they do not claim PPP loan forgiveness and ERTC on the same wages.

### **Audit Requirements**

Audits are just starting to pick up and there is a 3-year statute of limitation on the Employee Retention Credit and will need to maintain all documentation to support how Company qualified.

Don't potentially leave money on the table. Explore if your organization would qualify for this benefit by letting Wipfli conduct an estimate at no cost. For more information contact, Tiffany Karlin, Principle Wipfli: [tiffany.karlin@wipfli.com](mailto:tiffany.karlin@wipfli.com)