

NFIB UPDATE

COVID-19 Webinar Series for Small Business

with Beth Milito and Holly Wade, NFIB



August 25, 2021

Special Guests – Helen Morrison and Amber Salotto, U.S. Department of the Treasury

Topic – Employee Retention Credit (ERC) – Small Business Updates from Treasury





DISCLAIMER

- The materials and information provided in this webinar and on NFIB's website are for informational purposes only and not for the purpose of providing legal or tax advice. You should contact your attorney and/or tax professional to obtain advice with respect to any particular issue or problem.
- This is based on information available by 08/24/21.

Become a Member of NFIB!

We Advocate | We Influence | We Offer Benefits



Join us to
**FIGHT FOR SMALL
BUSINESS**

More Members = Bigger Voice

Visit www.NFIB.com/signupweb to join now!





Small Biz Coffee Corner **FACEBOOK LIVE**

Stop by to ask your small business
COVID-19 relief program questions on
PPP, EIDL, ERTC, and more!

Thursday, August 26 | **2pm EDT**

WITH FEATURED EXPERTS



Beth Milito

Senior Executive Counsel,
NFIB Small Business Legal Center



Holly Wade

Executive Director,
NFIB Research Center

▶▶ [Facebook.com/NFIB](https://www.facebook.com/NFIB)

Upcoming Webinars

Wednesday, September 8th @ 12pm EST

Small Business Reset & Recover: Growing Your Business in 2021, Series 1

Join Beth, Holly, and special guest Brian Blase, Ph.D., for a conversation on financial aid and other resources available to help small businesses recover, attract and retain employees, and emerge from the COVID-19 crisis stronger than ever.

Topics:

- ***Health Reimbursement Arrangements***, which can expand employee health benefit offerings.
- ***Employee Retention Credit***, a powerful program that offers up to to 75% of qualified wages up to \$10,000 per employee per quarter.
- ***Economic Injury Disaster Loan***, which provides up to 24 months of relief, with a maximum loan of \$500,000.

COVID-19 Resources

-
- [Paycheck Protection Program](#)
 - [Economic Injury Disaster Loan](#)
 - [Employee Retention Credit](#)
 - [Restaurant Revitalization Fund](#)
 - [Shuttered Venue Grant](#)
 - [NFIB Coronavirus Resources](#) (including past webinars)

Agenda



- Employee Retention Credit
- Q&A
- Send questions to info@nfib.org

Economic Injury Disaster Loan – The Basics

PURPOSE

To meet financial obligations and operating expenses that could have been met had the disaster not occurred.

LOAN AMOUNT

For loans approved starting the week of April 6, 2021: 24-months of economic injury with a maximum loan amount of \$500,000. For loans approved prior to the week of April 6, 2021, see loan increases.

TERMS

30-year loan, no penalties for early payments

3.75% for businesses (fixed), 2.75% for nonprofits (fixed)

LOAN DEFERMENT

SBA is extending deferment periods for all disaster loans, including COVID-19 EIDLs, until 2022 to offer more time for businesses to build back. SBA will extend the first payment due date for disaster loans made in **2020 to 24-months** from the date of the note and to **18-months** from the date of the note for all loans made in the calendar year 2021.

APPLY

[HERE](#) (directly through the SBA)

USE OF PROCEEDS

Working capital and normal operating expenses (health insurance, rent, utilities, fixed debt payments).

* can't use funds for business expansion purposes

National Federation of Independent Business

Employee Retention Credit
Other Tax Credits

U.S. Department of the Treasury

August 25, 2021



COVID-Relief Tax Credits

- Employee Retention Tax Credit
 - 3/13/2020 – 12/31/2020 -- Up to \$5000 per employee
 - 1/1/2021 – 12/31/2021 -- Up to \$7000 per quarter per employee (\$28,000 in the aggregate)
- Paid Leave Tax Credit
 - 4/1/2020 – 3/31/2021 – Up to \$5,110 sick leave wages per employee
 - 4/1/2021 – 9/30/2021 – Up to \$5,110 sick leave wages per employee
 - 4/1/2020 – 3/31/2021 – Up to \$10,000 family leave wages per employee
 - 4/1/2021 – 9/30/2021 – Up to \$12,000 family leave wages per employee
- COBRA Premium Assistance Tax Credit
 - 4/1/2021 – 9/30/2021 -- Payments of COBRA premium assistance

Employee Retention Tax Credit (ERTC)

2020 ERTC

- Small businesses eligible for the credit
 - 100 or fewer employees*
 - Business operations suspended due to COVID-related governmental order; OR decline in gross receipts of 50 percent or more
 - Available if received PPP loan, but not for the same wages applied for loan forgiveness
- Credit amount
 - 50 percent of wages paid up to \$10,000 per employee (\$5,000 credit per employee)

2021 ERTC

- Small and mid-sized businesses eligible for the credit
 - 500 or fewer employees*
 - Business operations suspended due to COVID-related governmental order; OR decline in gross receipts of 20 percent or more
 - Available if received PPP loan, but not for the same wages applied for loan forgiveness
- Credit Amount
 - 70 percent of wages paid up to \$10,000 per employee per quarter (\$7,000 credit per employee per quarter)

* Larger employers entitled to ERTC only for wages paid to employees who do not provide services.

Paid Leave Tax Credit

2020 and Q1 2021 Paid Leave Tax Credit

- Small and mid-sized businesses eligible for the credit
 - Fewer than 500 employees*
 - Paid sick leave provided to employees for individual COVID-related reason, credit for wages paid up to 80 hours (10 days) and up to \$511 per day, total of \$5,110 (or for care of child or another individual, credit for 2/3 wages paid up to \$200, total \$2,000)
 - Paid family leave provided to employees for care of child, credit for 2/3 wages paid up to 10 weeks and up to \$200 per day, total of \$10,000
 - Available if received PPP loan, but not for the same wages applied for loan forgiveness

2021 Q2 and Q3 Paid Leave Tax Credit

- Small and mid-sized businesses eligible for the credit
 - Fewer than 500 employees*
 - Paid sick leave provided to employees for individual COVID-related reason, credit for wages paid up to 80 hours (10 days) and up to \$511 per day, total of \$5,110 (or for care of child or another individual, credit for 2/3 wages paid up to \$200 per day, total of \$2,000); credit available for leave taken for vaccinations and recovery
 - Paid family leave provided to employees for all COVID-related paid sick leave reasons, credit for 2/3 wages paid up to 12 weeks and up to \$200 per day, total of \$12,000
 - Available if received PPP loan, but not for the same wages applied for loan forgiveness

* Self-employed individuals eligible for the credit. For 2021, certain governmental employers eligible for the credit.

How to Claim the Tax Credits

- ERTC, Paid Leave Credit, and COBRA Premium Assistance Credit
 - Tax credit claimed against the employer share of Social Security or Medicare tax
 - However, the tax credits are refundable and advanceable
 - Refundable = Full amount of the tax credit is available and will be refunded to the employer if the credit amount exceeds the employment tax
 - Advanceable = In anticipation of payment of the credit, employer may retain the employment tax deposits owed (federal income tax withholding and the employer and employee share of employment taxes) or file to receive an advance payment
- Claiming the tax credits
 - Filing of the employment tax return; generally, the quarterly Form 941
 - Filing of the amended employment tax return to claim the credit for a prior quarter; generally, Form 941-X
 - In anticipation of the credit, filing of the Form 7200 to receive an advance payment; the advance is reconciled upon filing of the employment tax return

Recent Guidance: Employee Retention Credit

- Notice 2021-20
 - General guidance
 - Interaction with the PPP loans
- Notice 2021-49
 - Treatment of tip wages
 - Timing of the wage deduction disallowance
 - Related individuals not entitled to the credit
- Rev Proc 2021-33
 - PPP loan forgiveness excluded from gross receipts for purposes of the employee retention credit