

The following chart provides general information related to the Employee Retention Credit under Sec. 2301 of the CARES Act. The chart has been updated for the [FAQs](#) issued by IRS regarding the Employee Retention Credit. If you have questions, contact your Andersen engagement team.

As of May 12, 2020

How can Andersen help?

- Determining eligibility for credit
- Calculating amount of potential credit
- Navigating interactions with other Social Security tax credits that may also be available to maximize potential Social Security tax credits and refundability of the Employee Retention Credit
- Evaluating cash flow provided by the Employee Retention Credit against other alternatives, including business loans available under the CARES Act

Item	Description
Amount of Credit	50% of qualified wages and qualified health plan expenses paid by an eligible employer beginning on March 13, 2020 and ending on or before December 31, 2020.
Claiming the Credit	<ul style="list-style-type: none"> • Credit claimed on Form 941, <i>Employer’s Quarterly Federal Tax Return</i>. • Reduce employer federal employment taxes. • In anticipation of receiving credit, employer can also request an advance of the credit for the amount of the credit not funded by reducing federal employment taxes by filing Form 7200, <i>Advance Payment of Employer Credits Due to COVID-19</i>. • Credit for qualified wages paid in the first quarter of 2020 should be reported on the Form 941 for the second quarter of 2020.
Refundability	Any credit in excess of the employer’s Social Security tax otherwise due for the calendar quarter (after reduction for other applicable credits, see below) is refunded to the employer as an overpayment.
Maximum Credit	\$5,000 per employee (based on \$10,000 of qualified wages per employee). Maximum is applied on a cumulative basis, not quarterly.
Employer Aggregation	All persons treated as a single employer under Sec. 52(a) and (b) and Sec. 414(m) and (o) treated as one employer.
Eligible Employer	<p>Any employer carrying on a trade or business during calendar year 2020 that</p> <ul style="list-style-type: none"> • Had operation(s) fully or partially suspended in the calendar quarter as a result of orders from a governmental authority due to COVID-19, <u>or</u> • Experienced a significant reduction in gross receipts in 2020 calendar quarter compared to the same quarter in 2019 (eligibility begins with the first calendar quarter in 2020 in which gross receipts are 50% less than the gross receipts in same calendar quarter in 2019 and ends with the 2020 calendar quarter in which the gross receipts are greater than 80% of the gross receipts in the same calendar quarter in 2019).
Governmental Order	<ul style="list-style-type: none"> • Orders, proclamations, or decrees from federal government, or any state or local government if they limit commerce, travel, group meetings due to Covid-19. • Orders limiting hours of operations.

	<ul style="list-style-type: none"> • Voluntary suspension of operation(s) or reduction in hours not subject to government order is not treated as partial suspension.
Partially Suspended Operation	<ul style="list-style-type: none"> • Essential business generally not considered to have partial suspension if allowed to stay open (may have partial suspension if suppliers unable to make deliveries due to governmental order). • Continuation of operations by teleworking after government order on a comparable basis to operations prior to government order not treated as partial suspension. • No definition of operation(s) has been provided.
Significant Reduction in Gross Receipts	<ul style="list-style-type: none"> • Gross receipts determined under Sec. 448(c). • All entities in the controlled group considered a single employer for purposes of determining gross receipts. • Business that started in 2019 should use the quarter it commenced business as the base period for comparison to the 2020 quarters for which there is not a comparable quarter in 2019.
Qualified Wages – Employer Employing on Average More Than 100 Full-time Employees	<p>Wages paid to an employee who is <u>not providing services due to a reduction in business attributable to one of the reasons outlines above for eligible employer.</u></p>
Qualified Wages – Employer Employing on Average 100 or Less Full-time Employees	<ul style="list-style-type: none"> • Wages paid to all employees during the period the business is fully or partially suspended due to a government order. • Wages paid to all employees during a calendar quarter for which the employer is deemed to have a significant reduction in business operations by satisfying the gross receipts test.

Item	Description
Qualified Wages	<ul style="list-style-type: none"> • Wages taken into account to calculate the credit cannot exceed the amount the employee would have been paid for working an equivalent duration of time during the immediate 30-day period. • For credit based on partial or full suspension of operation(s), wages only for period in calendar quarter operation(s) has been suspended. • For credit based on reduction in gross receipts, wages for the entire quarter. • For employers with more than 100 full-time employees, may use any reasonable method for determining hours for which employee is not providing services (may not use productivity levels as a measurement). • Payments to former employees, pre-existing vacation, sick and other personal leave are not considered qualified wages.
Qualified Health Plan Expenses	<ul style="list-style-type: none"> • Amounts paid to maintain group health plan under Sec. 5000(b)(1) that are properly allocable to employee wages included in qualified wages. • The allocation will be deemed to be proper if made on a pro rata basis. • Health plan expense qualify even if no wages paid (furloughed or laid-off employees).
Other Limitations	<ul style="list-style-type: none"> • Qualified wages taken into account to compute this credit cannot also be used to determine the Sec. 45S credit (credit for paid family and medical leave). • Qualified wages do not include wages required to be paid under the Families First Coronavirus Response Act. • Employer not eligible for credit if any entity of the controlled group receives a Small Business Administration loan under the CARES Act. • Before applying this credit and determining refundable amount, employer's quarterly Social Security tax due is first reduced by other available credits, including Sec. 3111(e) (credit for tax-exempts hiring qualified veterans), Sec. 3111(f) (credit for research expenditures of small businesses), and the paid sick/family/medical leave credits under the Families First Coronavirus Response Act – for more see Paid-Leave Provisions Chart. • Employer may elect to not take the credit. • The Employee Retention Credit reduces the amount of wages the eligible employer could otherwise deduct on its federal income tax return.

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