



# IRS Issues Guidance for Employee Retention Credit





## Employee Retention Credit Guidance

The Employee Retention Credit (ERC), under the CARES Act, is a fully refundable tax credit for employers equal to 50 percent of qualified wages (including allocable qualified health plan expenses) that Employers pay their employees. This Employee Retention Credit applies to qualified wages paid after March 12, 2020, and before January 1, 2021. Yesterday afternoon the **IRS issued guidance** on the ERC in the form of **94 Frequently Asked Questions (FAQs)**. This guidance goes into great detail, and I would recommend each member to go through it to see if you believe your business qualifies.

Of note are FAQ 15 which stipulates that an employer cannot get a PPP loan and use the ERC and FAQ 83 which states that employers cannot claim the ERC and the Work Opportunity Tax Credit (WOTC). We would also like to flag FAQ 65 which may be problematic for many AHLA members who have continued to cover their furloughed employees health benefits. This FAQ says that employers with more than 100 employees cannot utilize the ERC for health benefits unless the employers also pay's monetary wages. We have heard that a number of Congressional offices do not agree with the IRS interpretation and we will raise these concerns with Congress and the Administration.