

EMPLOYEE RETENTION CREDIT – DOES YOUR BUSINESS QUALIFY?

The Employee Retention Credit has been extended through the end of the calendar year (12/31/21). This is good news for employers who are still battling the Covid-19 pandemic. But what exactly is the Employee Retention Credit (ERC) and how do you know if you qualify?

The ERC was originally enacted by the CARES Act in March of 2020. It allowed for eligible employers to receive a credit against their federal payroll taxes if they paid qualifying wages. The exact amount and determination of the credit depends on which quarter the employer is claiming the credit.

There have been several changes to both the limits and what the credit can be used against regarding employment tax. Check with your tax preparer for the specifics on each qualifying quarter. For the purpose of the ERC a qualifying wage is a wage (including certain health care costs) paid to an employee that is not providing services due to suspended or declined operations.

There are two main factors used in determining whether a business qualifies to claim the ERC. The qualifying factors are as follows: Was your business fully or partially suspended as a result of governmental orders? **OR** Did your business have a significant decline in gross receipts for any of the qualifying quarters?

The ERC can be a significant amount for some employers. With the limit on the credit ranging from \$5,000 to \$7,000 in qualifying wages per employee.

HOW TO CLAIM THE CREDIT

The Employee Retention Credit is claimed on an employer's quarterly Form 941.

If the Form 941 has already been filed for a quarter that the employer may have qualified, they are able to file an amended 941 (941X) to claim the credit and either have it refunded or applied to the preceding quarter.

If an employer wishes to receive an advance payment for the credit, they may do so by filing Form 7200.

Contact your tax preparer for filing assistance and deadlines.





MEET THE TEAM

This month we will highlight Jeremiah R. Woltemath (J.R.).

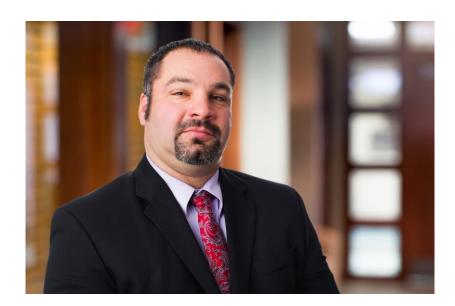
J.R. is one of the shareholders here at Dickinson & Clark. He has been with the firm since 2019. He is a member of the American Society of CPAs as well as the Nebraska Society of CPAs.

J.R. graduated from the University of Nebraska at Kearney and has been practicing in public accounting since 2004.

J.R specializes in the agriculture industry. His background in agriculture began at a young age, growing up on a livestock and row crop farm in southeast Nebraska.

Aside from Tax work, he is also heavily involved in consulting, strategic planning, financial analysis, and succession planning.

We are glad to have J.R. on the Dickinson & Clark team in all his different roles within the firm



Important Tax Due Dates :

- 941 Monthly Deposits August 15th
- Iowa & Nebraska /Monthly Sales Tax August 20th

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