

New Stimulus Allows Both PPP and ERTC

The Consolidated Appropriations Act, 2021 (CAA) made many material changes to the CARES Act passed in March 2020. One such material change is to the [Employee Retention Tax Credit](#) (ERTC).

The ERTC is a fully refundable payroll tax credit designed to encourage businesses to retain and compensate employees during periods in which businesses are not fully operational due to a COVID-19 shutdown order or when gross receipts declined significantly when compared to the same quarter in 2019. Under the CAA, employers who receive Paycheck Protection Program (PPP) loans may still qualify for the ERTC with respect to wages that are not paid for with forgiven PPP proceeds. Businesses can now claim **both** the ERTC and obtain PPP as long as a borrower does not double-dip by using the same wages to qualify under both programs. The interaction of the two programs is complicated and a professional should be consulted. Guidance from the IRS is expected to be forthcoming.

Other significant changes to the ERTC are:

	CARES Act: 3/13/20 – 12/31/20	CAA Act: 3/13/20 – 12/31/20	CAA Act: 1/1/21-6/30/21
Eligible for PPP loan	Must choose between ERTC or PPP	Eligible for both programs but no double dipping	
Maximum Creditable Wages per Employee	\$10,000 per year	\$10,000 per year	\$10,000 per quarter
Maximum Credit	50% of eligible wages, up to \$5,000 per employee	50% of eligible wages, up to \$5,000 per employee*	70% of eligible wages, up to \$14,000 per employee*
“Large Employer” Threshold	More than 100	More than 100	More than 500

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