WHEELER
SOLVE FOR ACCOUNTING

	ERC 2020	ERC 2021	PPP2
THRESHOLD/ELIGIBILITY	(1) 50%+ Reduction in Quarterly gross receipts for any quarter in 2020 vs. 2019 **OR** (2) Full or Partial shutdown or suspension by government order	(1) 20%+ Reduction in 2021 2021 quarterly gross receipts vs. same quarter in 2019 **OR** (2) Option to use the quarter immediately preceding calendar quarter and comparing to same quarter in 2019 (Q1 2021 qualifies with Q4 2020) **OR** (3) Full or partial shutdown or suspension by government order	**First Draw** – Certify that the loan is required to sustain operations **Second Draw** – Demonstrate at least a 25% reduction in gross receipts in any quarter of 2020 relative to the same quarter in 2019
AMOUNT OF CREDIT/LOAN	50% of Wages up to $10k per year, maximum of $5k Refundable Credit per employee for 2020	70% of Quarterly Wages up to $10k per quarter (credit $7k), maximum of $28k Refundable Credit per employee for 2021	2.5 times the average monthly payroll up to $2M ($10M for first draw); 3.5 times if in the hospitality industry (NAICS 72).
WHAT ARE "WAGES"?	Salary + ER paid Health Insurance	Salary + ER paid Health Insurance	Salary + ER paid Health Insurance + State and Local Payroll Taxes + ER Paid Retirement Benefits
WHAT ARE THE START AND END DATES?	(1) Wages from 1st Quarter of Threshold qualification to end of Quarter when 2020 Quarterly gross receipts are above 80% of corresponding 2019 Quarter **OR** (2) Period available are the dates that your business was impacted by Full or Partial suspension	(1) Wages from 1st Quarter of Threshold qualification to end of Quarter when 2021 Quarterly gross receipts are above 80% of corresponding 2019 Quarter **OR** (2) Period available are the dates that your business was impacted by Full or Partial suspension	Application period ends 3/31/2021
MAXIMUM AMOUNT	$5k per employee for 2020	$7k per quarter $28k per employee for 2021	**First Draw** – $10M **Second Draw** – $2M
COMMENTS	Current law uses Form 941-X to amend for ERC. There is a possibility that claiming retroactive credit may come on a future 2021 form	Payroll company will file on Form 941	Forgiveness now can be payroll (not less than 60% of total forgiveness); Rent, Utilities, Cloud computing, HR, Accounting, Essential Suppliers, Property Damages, etc.

WHAT IS THE DEFINITION OF GROSS RECEIPTS?

- “Gross receipts” for purposes of the Employee Retention Credit for an employer other than a tax-exempt organization has the same meaning as when used under section 448(c) of the Internal Revenue Code (the “Code”). Under the section 448(c) regulations, “gross receipts” means gross receipts of the taxable year and generally includes total sales (net of returns and allowances) and all amounts received for services. In addition, gross receipts include any income from investments, and from incidental or outside sources.
- For nonprofits, “gross receipts” has the same meaning as Code section 6033, the section that governs the filing of Form 990. This is defined as “the gross amount received by the organization during its annual accounting period from all sources without reduction for any costs or expenses.” This is the amount reported on Form 990, Part VIII, Line 12, column (A).

HOW IS THE “SIGNIFICANT DECLINE IN GROSS RECEIPTS” CALCULATED FOR 2020?

- A significant decline in gross receipts is calculated by determining the first calendar quarter in 2020 (if any) in which an employer’s gross receipts are less than 50 percent of its gross receipts for the same calendar quarter in 2019. If the gross receipts decline to that extent, the employer also must later determine if there is a later calendar quarter in 2020 in which the employer’s 2020 quarterly gross receipts are greater than 80 percent of its gross receipts for the same calendar quarter in 2019. If so, the significant decline in gross receipts ends with the first calendar quarter that follows the first calendar quarter in which the employer’s 2020 quarterly gross receipts are greater than 80 percent of its gross receipts for the same calendar quarter in 2019, or with the first calendar quarter of 2021.
- **Example:** Employer A’s gross receipts were $100,000, $190,000, and $230,000 in the first, second, and third calendar quarters of 2020, respectively. Its gross receipts were $210,000, $230,000, and $250,000 in the first, second, and third calendar quarters of 2019, respectively. Thus, Employer A’s 2020 first, second, and third quarter gross receipts were approximately 48 percent, 83 percent, and 92 percent of its 2019 first, second, and third quarter gross receipts, respectively. Accordingly, Employer A had a significant decline in gross receipts commencing on the first day of the first calendar quarter of 2020 (the calendar quarter in which gross receipts were less than 50 percent of the same quarter in 2019) and ending on the first day of the third calendar quarter of 2020 (the quarter following the quarter for which the gross receipts were more than 80 percent of the same quarter in 2019). Thus, Employer A is entitled to a retention credit with respect to the first and second calendar quarters.

HOW IS THE “SIGNIFICANT DECLINE IN GROSS RECEIPTS” CALCULATED FOR 2021?

- For 2021, an employer will satisfy the gross receipts test if quarterly gross receipts decline by more than 20% compared to the same calendar quarter in 2019. Alternatively, an employer may elect to apply the gross receipts test for 2021 using gross receipts for the prior calendar quarter, compared to the corresponding calendar quarter in 2019.

WHAT IS A GOVERNMENT SHUTDOWN OR SUSPENSION OF OPERATIONS?

- See IRS FAQs
- Quick summary
    - Capacity
    - Reduced hours
    - Operational with limited purposes
    - Supplier chain shut down or partially suspended