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Eligible Employers Affected by COVID-19 Can Access Employee Retention Credit Under CARES Act

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The Coronavirus Aid, Relief, and Economic Security (CARES) Act offers a provision for an employee retention credit for employers struggling to operate due to COVID-19. Eligible employers can take a credit against employment taxes for each calendar quarter in an amount equal to 50% of the qualified wages with respect to each employee for the calendar quarter. The total amount of qualified wages which may be taken with respect to any employee is \$10,000.

Which employers qualify?

The CARES Act defines an “eligible employer” as an employer whose business was suspended due to an order from a governmental authority limiting commerce, travel, or group meetings due to COVID-19, or an employer that experiences a significant decline in gross receipts. Additionally:

- Eligible employers with 100 or fewer full-time employees can use the credit for all employee wages.
- Eligible employers with greater than 100 full-time employees, on the other hand, may only take the credit for wages paid to employees when they are not providing services due to a governmental order related to COVID-19.

If you are an employer with questions about this retention credit or any other COVID-19 related employment concern, please contact [Tracy Armstrong](#) or any member of the Wilentz [Employment Law Team](#).

Attorney

- Tracy Armstrong

Practice

- Employment Law