WILENTZ
—ATTORNEYS AT LAW—
WILENTZ, GOLDMAN & SPITZER, P.A.

CARES Act Offers Eligible Employers Employee Retention Tax Credits and Social Security Tax Deferrals

04/09/20

The Coronavirus Aid, Relief, and Economic Security (CARES) Act offers eligible employers Employee Retention Credits and Social Security tax deferrals to keep employees on their payroll, despite struggling to operate due to the COVID-19 pandemic.

Employers that do not receive a Paycheck Protection Program loan can utilize an Employee Retention Credit.

Employers whose operations were fully or partially suspended due to a shutdown order, or whose gross receipts declined by more than 50% when compared to the same quarter a year ago, are eligible for a refundable tax credit. The 50% tax credit applies to wages paid to workers during the COVID-19 pandemic, up to $10,000. It is available for wages paid from March 13 to December 31, 2020.

Employers should review the Internal Revenue Service FAQ page for more information.

Employers that do not receive forgiveness on a Paycheck Protection Program loan can seek deferred payment of Employer Payroll Taxes.

This covers the employer share of the Social Security tax. Those who are self-employed can defer the payment of the employer share, too. The deferred tax payments must be paid back over a two-year period: half by December 31, 2021 and the remainder by December 31, 2022.

Takeaway: Employers can now receive available tax savings to alleviate the impact of the COVID-19 pandemic on their businesses and employees.

If you are an employer and need help navigating the CARES Act or any other employment laws during this COVID-19 crisis, contact Tracy Armstrong or any member of the Wilentz Employment Law Team.

This blog post is for informational purposes only and not intended to provide individual tax advice.

Attorney

- Tracy Armstrong

Practice

- Employment Law