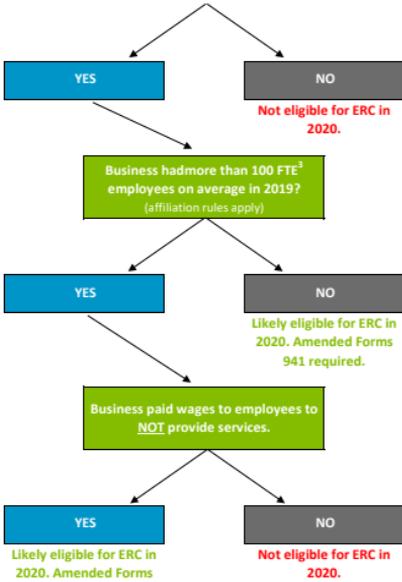


EMPLOYEE RETENTION CREDIT

EMPLOYEE RETENTION CREDIT - 2020 ELIGIBILITY

Aggregation rules apply. Business must meet at least one qualification.

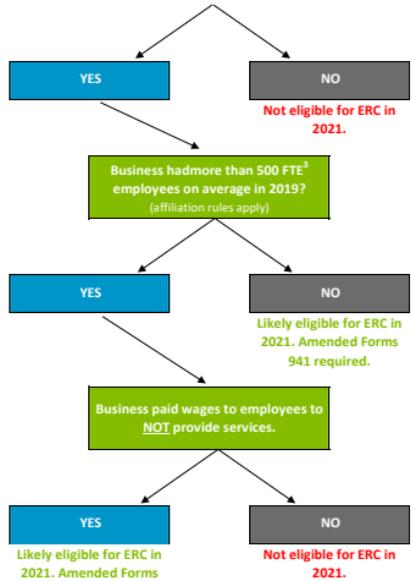
1. Business had quarterly review decline of >50% in 2020 vs 2019 (tax basis method of accounting) **OR**
2. Business had a full/partial suspension of operations due to government order¹ **OR**
3. Business had suppliers subject to full/partial suspension of operations due to government order that caused operational disruptions⁶.



EMPLOYEE RETENTION CREDIT - 2021 ELIGIBILITY

Aggregation rules apply. Business must meet at least one qualification.

1. Business had quarterly review decline of >20% in 2021 vs 2019² (tax basis method of accounting) **OR**
2. Business had a full/partial suspension of operations due to government order¹ **OR**
3. Business had suppliers subject to full/partial suspension of operations due to government order that caused operational disruptions⁶. **OR**
4. New business began operations after 2/15/2020 and is considered a qualified recovery startup business⁵.



3/13/2020 - 12/31/2020	Applicable dates per wages paid	1/1/2021 - 9/30/2021
\$10,000 for 2020 calendar year	Maximum wages per employees⁴	\$10,000 per 2021 quarter
50%	Credit Limitation	70%
\$5,000 for 2020 calendar year	Maximum credit per employee	\$7,000 per 2021 quarter (\$21,000 total for 2021)

¹Business likely to qualify for full/partial suspension of operations:

- Personal services (hair salons, massage therapists, etc)
- Medical facilities performing elective surgeries
- Medical offices (dentists, chiropractors, orthodontists, optometrists, physical therapists, etc)
- Restaurants with dine-in mandates

See IRS guidance for full or partial suspension.

²An election is available to use the immediately preceding calendar quarter for gross receipts comparison.

³Full-time employee (FTE) is defined as an employee who had an average of at least 30 hours of service per week or 130 hours per month in 2019. An employee who does not meet this threshold is excluded for that calendar month. This is not a full-time equivalent calculation.

⁴Employers cannot double dip on expenses between programs that cover payroll (e.g. PPP First and Second Draw, Restaurant Revitalization Funds, DHHS Provider Relief Funds FFCRA paid sick and family leave, and state COVID programs).

⁵Qualified recovery startup businesses are eligible for ERC in Q3 2021 and Q4 2021 only. The maximum credit \$50,000 per quarter.

⁶Very specific rules to qualify for supply chain disruption.

PARTIAL SUSPENSION OF OPERATION EXAMPLES

Businesses will qualify if subject to pandemic-related government orders that caused a partial shutdown of operations because the pandemic-related government order:

- + limited hours of operations
- + temporary shut down operations
- + restricted employees from going to work
- + subjected employees to a curfew that affected hour worked
- + required the business to shut down for periodic cleaning and disinfecting
- + caused a supply chain disruption (even if the employer was an essential business exempt from government orders)
- + imposed a limitation on working hours (even if the employer was an essential business)
- + affected the business in a way that it could not operate in a comparable manner
- + affected an unbounded part of the business in a way that the business part could not operate in a comparable manner
- + restricted access to the physical workplace
- + reduced working hours because of the pandemic-related operating limitations
- + created limitations with more than nominal effect on the business
- + imposed limitations on the use of physical space, affecting services
- + imposed limitations on the size of gatherings, affecting the business operations
- + created limitations on the use of physical space with employees who could not perform comparable duties, responsibilities, or services from home

Essential small businesses exempt from limitations on commercial activity, gathering size, and travel will not qualify.

An essential business may have been partially suspended by government orders (for example, a hospital's nonessential services) or by the effect of a government order on its suppliers (for example, a manufacturer unable to procure needed parts.)