

Comparison of Paycheck Protection Program and Employee Retention Credit

	Paycheck Protection Program	Employee Retention Credit
Description	The PPP is a forgivable loan that employers can apply for through an approved lender to help cover payroll costs (wages up to \$100,000, employee benefits, and state and local taxes). Employers can also use some of the funds (25%) to cover interest on mortgages, rent, and utilities.	The credit is a refundable payroll tax credit that employers can claim on their federal employment tax return to cover employee wages and qualified health plan expenses associated with those wages.
Eligible Businesses	All small businesses with 500 or fewer employees and some business in certain industries with more than 500 employees can apply for a PPP loan.	Employers of any size are eligible for the Employee Retention Credit if they meet the qualifications.
Self-Employed, Independent Contractors, Sole Proprietorships?	Eligibility includes self-employed individuals, independent contractors, sole proprietorships, nonprofits, veterans' organizations, and tribal businesses.	Self-employed individuals cannot claim the credit for their self-employment services or earnings.

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Eligibility Requirements		<p>To qualify, you must have experienced either of the following in any calendar quarter in 2020:</p> <ol style="list-style-type: none"> 1. Fully or partially suspended operations due to COVID-19-related government orders 2. Saw gross receipts drop below 50% of the comparable quarter amount in 2019
Important Dates	<p>Small businesses and sole proprietorships can apply between April 3, 2020 – June 30, 2020.</p> <p>Independent contractors and self-employed individuals can apply between April 10, 2020 – June 30, 2020.</p> <p>Funds are limited, and loans are based on a first-come, first-served basis.</p>	<p>Employers can claim this payroll tax credit on qualifying wages paid between March 13, 2020 – December 31, 2020.</p>
How Much Money Is Available to Employers?	<p>Employers can receive a maximum loan of up to \$10 million.</p> <p>Loan amounts are based on the employer's average payroll costs over the past eight weeks, plus an additional 25%.</p>	<p>Employers can receive a maximum credit of \$5,000 per employee. Credits are worth 50% of qualifying wages and associated qualified health plan expenses paid to employees (up to \$10,000 in wages per employee).</p>

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		<p>Your average number of full-time equivalent (FTE) employees in 2019 determines qualifying wages.</p> <p>If you averaged fewer than 100 FTEs, your tax credit is based on wages paid to all employees during the period of suspended operations or gross receipts decline.</p> <p>If you averaged more than 100 FTEs in 2019, the tax credit is based on wages paid to employees who did not work during the period of suspended operations or gross receipts decline.</p>
Application Process	<p>To apply for a PPP loan, fill out the application form and apply with an approved lender.</p> <p>You'll also need additional documents, such as copies of your business's employment tax form(s) from 2019 as well as both 2019 and 2020 payroll ledgers.</p>	<p>You can immediately reduce liabilities owed for a tax by retaining contributions rather than depositing them with the IRS.</p> <p>Record or claim the credit on your federal employment tax return (e.g., Forms 941, 944, or 943).</p>
Repayment	<p>PPP loans are 100% forgivable on the principal amount (plus accrued interest) if you use them for qualifying expenses and maintain your employee count and salary levels.</p>	<p>You do not have to repay the Employee Retention Credit.</p> <p>However, if you receive an advance of the credits (using Form 7200), you'll need to account for that amount when</p>

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	<p>If you use part of the loan for non-qualifying reasons, that portion is not forgivable.</p> <p>The PPP loan has a repayment plan of two years and a fixed interest rate of 1%.</p> <p>Payments are deferred for six months, but interest begins accruing immediately after taking out a loan.</p>	<p>filing your federal employment tax return.</p>
Record Keeping	<p>Request loan forgiveness through your lender after the eight-week loan period.</p> <p>You'll need documents showing the number of full-time equivalent employees you have and pay rates, as well as mortgage, lease, and utility payments.</p>	<p>Keep documents showing how you calculated the credit amount.</p> <p>Retain documents that show that you had to suspend operations or experienced a decrease in gross receipts.</p> <p>If you applied for an advance, keep a copy of Form 7200 in your records, too.</p>
FAQs	<u>FAQ about PPP applications</u>	<u>FAQ about Employee Retention Credit</u>