

## Comparison of Paycheck Protection Program and Employee Retention Credit

	<b>Paycheck Protection Program</b>	<b>Employee Retention Credit</b>
<b>Description</b>	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.
<b>Eligible Businesses</b>	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.
<b>Self-Employed, Independent Contractors, Sole Proprietorships?</b>	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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<b>Eligibility Requirements</b>		<p>To qualify, you must have experienced either of the following in any calendar quarter in 2020:</p> <ol style="list-style-type: none"> <li>1. Fully or partially suspended operations due to COVID-19-related government orders</li> <li>2. Saw gross receipts drop below 50% of the comparable quarter amount in 2019</li> </ol>
<b>Important Dates</b>	<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>
<b>How Much Money Is Available to Employers?</b>	<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 <b>did not work</b> during the period of suspended operations or gross receipts decline.</p>
<b>Application Process</b>	<p>To apply for a PPP loan, fill out the <a href="#">application form</a> 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>
<b>Repayment</b>	<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>
<b>Record Keeping</b>	<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>
<b>FAQs</b>	<a href="#"><u>FAQ about PPP applications</u></a>	<a href="#"><u>FAQ about Employee Retention Credit</u></a>