

EMPLOYEE RETENTION CREDITS

Examples for eligible employers

100 or fewer employees, reduced hours, reduction in wages, 100% healthcare expenses paid for

EXAMPLE

Example 1 in FAQ 64 provides that an employer that averaged 100 or fewer employees in 2019 who, in response to a governmental order, reduced all employees' hours and pay by 50%, but continued to pay 100% of the employee's healthcare coverage, can treat the healthcare expenses as qualified wages eligible for the credit.

No wage payment, 100% healthcare expenses paid for

EXAMPLE

Example 2 in FAQ 64 provides that an employer may treat healthcare coverage paid as qualified wages for those employees who have been laid off or furloughed to which the employer has stopped paying wages.

Over 100 employees, reduced hours, reduction in wages, 100% healthcare expenses paid for

EXAMPLE

Example 2 in FAQ 65 provides a detailed interpretation of how the qualified wage rules work for large employers. In this example, an employer that averaged over 100 employees in 2019 is subject to a government order that causes a partial suspension of operations. The employer is forced to reduce employee hours by 50%, but continues paying employees 60% of their wages and 100% of their qualified healthcare expenses. The example states that amounts paid with respect to periods when the employee is not providing services are qualified wages; thus, 10% of the wages paid and 50% of qualified healthcare expenses may be treated as qualified wages.

No wage payment, 100% healthcare expenses paid for

EXAMPLE

Example 3 in FAQ 65 further clarifies that if an employer ceases paying wages to employees that have been laid off or furloughed, but continues paying employees' healthcare expenses, then the employer may still treat the healthcare expenses as qualified wages. In this example the employer furloughed or laid off the employees, but continued paying their healthcare expenses.
