

~ PLEASE READ – URGENT UPDATE ~

FFCRA tax credits are ending - Status of the Employee Retention Credit (ERC)

FFCRA

- Timeline
 - FFCRA was originally set to expire on December 31, 2020. The CAA (Consolidated Appropriations Act) extended the expiration date to March 31, 2021, and ARPA (American Rescue Plan Act) extended the expiration date to September 30, 2021.
- Tax Credits
 - FFCRA still provided eligible employers a dollar-for-dollar tax credit for FFCRA wages paid even though the program is voluntary.
- Expiration
 - FFCRA paid to employees that employers take a tax credit for is **expiring on September 30, 2021**.
 - Guidance from our tax provider indicates that the expiration date is **applied to when the FFCRA is earned (period end date), not when it is paid (check date)**. Definitive guidance is still needed from the IRS.
 - When FFCRA was signed into law, it was clear that the tax credits were available to employers for leave taken by their employees beginning on April 1, 2020. Many clients split pay periods to allow for the calculation of the tax credit.
 - As of today, our system is still able to calculate credits on FFCRA leave (taken through September 30, 2021) that will be reported and paid in 4Q2021.
- Earnings Codes
 - In CSC's payroll system FFCRA may also be named COVID or ARPA
 - Any FFCRA earnings code **should not be used for leave taken after September 30**
 - Any FFCRA earnings code **should only be used for payrolls with period ending dates encompassing the last week of September**
- Client Responsibilities
 - Clients are responsible for proper allocation of FFCRA earnings codes as CSC cannot audit client payrolls for accuracy

Employee Retention Credit (ERC)

- Expiration
 - The ERC was originally set to expire on December 31, 2020
 - The CAA extended the ERC until July 1, 2021
 - ARPA extended the ERC until December 31, 2021
 - There is a pending bill being discussed to prematurely end* the ERC on September 30, 2021, **but as of Wednesday, September 29th the bill has not been signed into law**. *ERC would end on September 30 for all clients **except** Recovery Start Up Businesses, which still have the original end date of December 31, 2021
 - Definitive guidance is still needed from the IRS

CSC Paymaster is committed to providing our clients with updates of evolving legislation as it becomes available. CSC will assist clients in any way we are able, however, please be aware that this is informational only, is not all encompassing, and cannot be construed as tax or legal advice. We encourage all of our clients to consult with appropriate legal and tax advisors. CSC is not responsible for the inaccurate submission or misrepresentation of FFCRA wages, and it is the responsibility of the client to adhere to payroll and/or tax laws and guidelines as it pertains to their company. Thank you.