



KBKG TAX INSIGHT: ERTC TERMINATED FOR Q4 2021

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The Infrastructure Bill (H.R. 3684) was passed by the House on November 5, 2021, and is expected to be signed into law by President Biden. As part of the Bill, the [employee retention credit](#) (with the exception of the recovery startup business credit) is no longer in effect for the fourth quarter of 2021. A few key items to consider:

- Many taxpayers have likely already claimed credits for the fourth quarter of 2021 based on eligibility established from the third quarter either via the advance credit request or reduced withholdings. The IRS has not yet issued guidance on how these credits will be handled.
- The employee retention credit for recovery startup businesses is still in effect for wages paid from July 1, 2021 – December 31, 2021. Employers that qualify are eligible for a maximum of \$50,000 of credit per quarter.

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- The employee retention credit is now in effect for eligible businesses for qualified wages paid from March 13, 2020 – September 30, 2021. The statute of limitations to file ERTC claims was previously extended from three years to five years.
- The maximum eligible credit is now \$26,000 (\$5,000 in 2020, and \$21,000 in 2021) per employee if a business qualified for each eligible period. These credits can be claimed on amended payroll tax returns for qualified periods.

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While businesses have plenty of time to file amended payroll tax returns, PPP forgiveness applications can have a significant negative impact on available employee retention credits if the interplay between the two incentives is not considered. As most banks have now opened their 2021 PPP forgiveness application process, [businesses should ensure they have factored in their ERTC eligibility when filing PPP forgiveness applications as described here.](#)

[Contact us](#) today to find out how we can assist you with optimizing benefits related to these powerful economic stimulus programs.

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Ian Williams is a Director for KBKG, specializing in Research & Development. Ian spent eleven years at a Big Four accounting firm specializing in R&D tax credits and fixed asset studies across a variety of industries. He has extensive experience in software, heavy manufacturing, aerospace, automotive, and consumer products industries, as well as defending credit claims with the IRS. [» Full Bio](#)