



	Employee Retention Credit	Covid-19 Tax Credit Under the Cares Act	Payroll Tax Deferral	Illinois Minimum Wage Credit
What it covers	The refundable tax credit is 50% of up to \$10,000 in wages paid by an eligible employer whose business has been financially impacted by COVID-19.	The FFCRA requires employers to provide paid leave through two separate provisions: (i) the Emergency Paid Sick Leave Act (EPSLA), which entitles workers to up to 80 hours of paid sick time when they are unable to work for certain reasons related to COVID-19, and (ii) the Emergency Family and Medical Leave Expansion Act (Expanded FMLA), which entitles workers to certain paid family and medical leave. The FFCRA provides that employers subject to the EPSLA and the Expanded FMLA paid leave requirements are entitled to fully refundable tax credits to cover the cost of the leave required to be paid for these periods of time during which employees are unable to work (which for purposes of these rules, includes telework). Certain self-employed persons in similar circumstances are entitled to similar credits.	Section 2302 of the CARES Act permits employers to forgo timely payment of the employer portions of Social Security and RRTA taxes that would otherwise be due from March 27 through December 31, 2020, without penalty or interest charges (as confirmed by IRS Notice 2020-22, dated March 31, 2020). Employers must pay 50% of the deferred amount by December 31, 2021, and the remainder by December 31, 2022.	P.A. 101-001 creates the Minimum Wage Credit that may be used against Illinois withholding income tax payments. For tax quarters beginning January 1, 2020, and ending December 31, 2027, each employer with 50 or fewer full-time equivalent employees during the reporting period may claim a credit due for each qualified employee, in an amount equal to the maximum credit available.
Qualifications	1.The employer's business is fully or partially suspended by government order due to COVID-19 during the calendar quarter. The employer's gross receipts are below 50% of the comparable quarter in 2019. Once the employer's gross receipts go above 80% of a comparable quarter in 2019, they no longer qualify after the end of that quarter. 2.The employer's gross receipts are below 50% of the comparable quarter in 2019. Once the employer's gross receipts go above 80% of a comparable quarter in 2019, they no longer qualify after the end of that quarter. * Cannot use if payroll costs are covered by the PPP loan	The EPSLA requires Eligible Employers to provide employees with paid sick leave if the employee is unable to work (including telework) due to any of the following: 1-the employee is under a Federal, State, or local quarantine or isolation order related to COVID-19; 2-the employee has been advised by a health care provider to self-quarantine due to concerns related to COVID-19; 3-the employee is experiencing symptoms of COVID-19 and seeking a medical diagnosis; 4-the employee is caring for an individual who is subject to a Federal, State, or local quarantine or isolation order related to COVID-19, or has been advised by a health care provider to self-quarantine due to concerns related to COVID-19; 5-the employee is caring for the child of such employee if the school or place of care of the child has been closed, or the child care provider of such child is unavailable, due to COVID-19 precautions; 6-the employee is experiencing any other substantially similar condition specified by the U.S. Department of Health and Human Services. An employee who is unable to work for reasons due to a COVID-19 circumstance described in (1), (2) or (3) above is entitled to paid sick leave for up to two weeks (up to 80 hours) at the employee's regular rate of pay, or, if higher, the Federal minimum wage or any applicable State or local minimum wage, up to \$511 per day and \$5,110 in the aggregate. An employee who is unable to work due to a COVID-19 circumstance described in (4), (5) or (6) above is entitled to paid sick leave for up to two weeks (up to 80 hours) at 2/3 the employee's regular rate of pay or, if higher, the Federal minimum wage or any applicable State or local minimum wage, up to \$200 per day and \$2,000 in the aggregate.	All employers may defer the deposit and payment of the employer's share of Social Security tax.	To be eligible for the credit an employer must have 50 or fewer full-time equivalent employees and the average wage paid by the employer per employee for all employees making less than \$55,000 must be greater than the average wage paid by the employer per employee for all employees making less than \$55,000 during the same reporting period in 2019. For the purposes of determining the number of full-time equivalent employees, a full-time employee works 520 hours in a reporting period (13 weeks in a reporting period x 40 hours per week). An employee (such as a salaried employee) whose working hours are not tracked by the employer is treated as working 40 hours per week for the number of weeks (rounded to the nearest whole number, for partial weeks) during the reporting period for which he or she was employed. For additional information on how to determine the number of full-time equivalent employees and whether or not you meet the average wage requirements, see the Schedule WC-1, Withholding Income Tax Credits Information and Worksheets, available on our website at tax.illinois.gov
How is it calculated	The amount of the credit is 50% of qualifying wages paid up to \$10,000 in total. Wages paid after March 12, 2020, and before Jan. 1, 2021, are eligible for the credit. Wages taken into account are not limited to cash payments, but also include a portion of the cost of employer provided health care.	The Eligible Employer is entitled to a fully refundable tax credit equal to the required paid family and medical leave (qualified family leave wages). This tax credit also includes the Eligible Employer's share of Medicare tax imposed on those wages and its cost of maintaining health insurance coverage for the employee during the family leave period (qualified health plan expenses). The Eligible Employer is not subject to the employer portion of social security tax imposed on those wages. (Eligible Employers subject to the Railroad Retirement Tax Act are not subject to either social security tax or Medicare tax on the qualified family leave wages; accordingly, they do not get a credit for Medicare tax.)	N/A	25 percent for reporting periods beginning on or after January 1, 2020, and ending on or before December 31, 2020.
Qualifying Wages	*If an employer averaged more than 100 full-time employees during 2019, qualified wages are generally those wages, including certain health care costs, (up to \$10,000 per employee) paid to employees that are not providing services because operations were suspended or due to the decline in gross receipts. These employers can only count wages up to the amount that the employee would have been paid for working an equivalent duration during the 30 days immediately preceding the period of economic hardship. *If an employer averaged 100 or fewer full-time employees during 2019, qualified wages are those wages, including health care costs, (up to \$10,000 per employee) paid to any employee during the period operations were suspended or the period of the decline in gross receipts, regardless of whether or not its employees are providing services.	*Qualified sick leave wages are wages (as defined in section 3121(a) of the Internal Revenue Code for social security and Medicare tax purposes) that Eligible Employers must pay eligible employees for periods of leave during which they are unable to work or telework because the employee: is subject to a Federal, State, or local quarantine or isolation order related to COVID-19; has been advised by a health care provider to self-quarantine due to concerns related to COVID-19; is experiencing symptoms of COVID-19 and seeking a medical diagnosis; is caring for an individual who is subject to a Federal, State, or local quarantine or isolation order related to COVID-19, or has been advised by a health care provider to self-quarantine due to concerns related to COVID-19; is caring for a child of such employee if the school or place of care of the child has been closed, or the child care provider of such child is unavailable due to COVID-19 precautions; or is experiencing any other substantially similar condition specified by the Secretary of Health and Human Services in consultation with the Secretary of the Treasury and the Secretary of Labor	N/A	A "qualified employee" is an employee currently earning the required minimum wage for the current reporting period whose average wage paid during the preceding four reporting periods was equal to or lesser than the currently required minimum wage.



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Qualifying Wages	N/A	*Qualified family leave wages are wages (as defined in section 3121(a) of the Internal Revenue Code for social security and Medicare tax purposes) that Eligible Employers must pay eligible employees for periods of leave during which they are unable to work or telework due to a need for leave to care for a child of such employee if the child's school or place of care has been closed, or because the child care provider of the child is unavailable, due to COVID-19 related reasons. The first ten days for which an employee takes leave for this reason may be unpaid. However, during that 10-day period, an employee may be entitled to receive qualified sick leave wages as provided under the ESPLA or may receive other forms of paid leave, such as accrued sick leave, annual leave, or other paid time off under the Eligible Employer's policy. After an employee takes leave for ten days, the Eligible Employer must provide the employee with qualified family leave wages for up to ten weeks. *The amount of qualified health plan expenses taken into account in determining the credits generally includes both the portion of the cost paid by the Eligible Employer and the portion of the cost paid by the employee with pre-tax salary reduction contributions. However, the qualified health plan expenses should not include amounts that the employee paid for with after-tax contributions.	N/A	N/A
How to receive credit	In order to claim the new Employee Retention Credit, eligible employers will report their total qualified wages and the related health insurance costs for each quarter on their quarterly employment tax returns, which will be Form 941 for most employers, beginning with the second quarter. The credit is taken against the employer's share of social security tax but the excess is refundable under normal procedures.	Eligible Employers will report their total qualified leave wages and the related credits for each quarter on their federal employment tax returns, usually Form 941, Employer's Quarterly Federal Tax Return. Form 941 is used to report income and social security and Medicare taxes withheld by the employer from employee wages, as well as the employer's portion of social security and Medicare tax.	The Form 941, Employer's QUARTERLY Federal Tax Return, will be revised for the second calendar quarter of 2020 (April - June, 2020). Information will be provided in the near future to instruct employers how to reflect the deferred deposits and payments otherwise due on or after March 27, 2020 for the first quarter of 2020 (January - March 2020). In no case will Employers be required to make a special election to be able to defer deposits and payments of these employment taxes.	If you are eligible for the Minimum Wage Credit, complete and attach the new Schedule WC, Withholding Income Tax Credits, to your Form IL-941, Illinois Withholding Income Tax Return.
Website	https://www.irs.gov/coronavirus/employee-retention-credit	https://www.irs.gov/newsroom/covid-19-related-tax-credits-for-required-paid-leave-provided-by-small-and-midsize-businesses-faqs	https://www.irs.gov/newsroom/deferral-of-employment-tax-deposits-and-payments-through-december-31-2020	https://www2.illinois.gov/rev/research/news/Pages/Withholding-Income-Tax-Minimum-Wage-Credit.aspx