

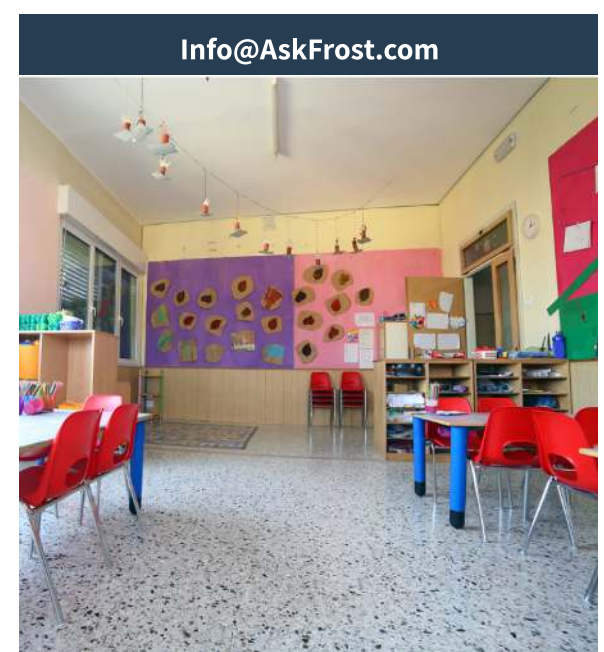
## Childcare Providers/Behavioral Centers Can Still Receive Cash Relief from Employee Retention Credit

As a result of the pandemic, the childcare and behavioral center industry lost billions of dollars in revenue. Many providers only survived subject to governmental orders which forced them to shutter and/or restrict their operations. Significantly, many of these childcare and behavioral centers have not yet discovered that they may be eligible for cash relief appearing in the form of a fully refundable tax credit—the Employee Retention Credit (ERC)!

With credits often exceeding the initial payroll tax liabilities themselves, the ERC has already awarded millions of dollars to a broad spectrum of employers, including childcare providers and behavioral centers. And unlike the Paycheck Protection Program (PPP) loans, the ERC was never limited by available federal funds, so any business that qualifies and applies can still find ERC relief!

Launched in March 2020, the ERC remains one of the biggest relief opportunities—up to \$26,000 per employee during 2020 and 2021—available to businesses that have been negatively impacted by the COVID-19 pandemic. And even for those businesses already beginning to recover, employers can retroactively claim the ERC based on hardships experienced during 2020 and the first three quarters of 2021.

Tax-exempt employers should also remember: (1) that the ERC is available even if they already received Paycheck Protection Program (PPP) loans, and (2) businesses that started up after February 2020 may qualify under specific ERC provisions that can provide up to \$100,000 in refundable credits in 2021.





### ERC Eligibility

Various types of childcare providers and behavioral centers are typically eligible, because government orders restricted their operations.

Common examples include, but are not limited to:

- Reduced operating hours
- Capacity limitations
- Mandated virtual or hybrid work environments
- Mandated, time-consuming sanitization procedures

\* Note that orders creating qualifying partial suspensions were more common than many employers and tax practitioners realize.

Another way for employers to be eligible is by showing that the business suffered a reduction in gross receipts.

#### 1. Tax Year 2021 (Quarters 1, 2, and 3):

Employer is eligible if business's gross receipts are more than 20% down from the gross receipts in the same calendar quarter of 2019.

#### 2. Tax Year 2020 (Quarters 1 through 4)

Employer is eligible if business's gross receipts are more than 50% down from the gross receipts in the same calendar quarter of 2019.

### Conclusion

Whether or not Congress replenishes other forms of pandemic related relief for childcare providers and behavioral centers, the ERC remains available now. Numerous government orders

restricted a broad range of ordinary business operations in the industry—and you may be one of many employers entitled to substantial cash benefits. If you operate a business in the childcare and behavioral industry, don't wait to find out if you qualify! Contact our team today at (410) 497-5947 or schedule a consultation

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