



Coronavirus Tax Relief for Businesses and Tax-Exempt Entities

Delays in Employer Credit Advance Payments



Expect payment delays until late January 2022 for Form 7200, Advance Payment of Employer Credits. Taxpayers may continue to file Forms 7200 by facsimile until January 31, 2022 and their applicable employment tax returns by the required due date. Thank you for your patience during our annual system update.

Employee Retention Credit Available for Many Businesses Financially Impacted by COVID-19

Employee Retention Credit Limitation

The Infrastructure Investment and Jobs Act, enacted on November 15, 2021, amended section 3134 of the Internal Revenue Code to limit the Employee Retention Credit only to wages paid before October 1, 2021, unless the employer is a recovery startup business.

For more information see: [IRS issues guidance regarding the retroactive termination of the Employee Retention Credit](#).

Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), as originally enacted March 27, 2020, the [Employee Retention Credit](#) is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees. The CARES Act allowed these credits for wages paid after March 12, 2020, and before January 1, 2021. See [Notice 2021-20](#) [PDF](#), [Notice 2021-49](#) [PDF](#), and [Revenue Procedure 2021-33](#) [PDF](#).

The Taxpayer Certainty and Disaster Tax Relief Act of 2020 (Relief Act), enacted December 27, 2020, amended and extended the employee retention credit (and the availability of certain advance payments of the tax credits) under the CARES Act for the first and second calendar quarters of 2021. Like the credit for 2020 under the CARES Act, you can get immediate access to the credit by reducing the employment tax deposits you are otherwise required to make. If your employment tax deposits are not sufficient to cover the credit, you may be able to request an advance payment from the IRS. See [Notice 2021-23](#) [PDF](#), [Notice 2021-49](#) [PDF](#), and [Revenue Procedure 2021-33](#) [PDF](#).

The ARP modified and extended the employee retention credit (and the availability of certain advance payments of the tax credits) for the third and fourth quarters of 2021, See [Notice 2021-49](#) [PDF](#) and [Revenue Procedure 2021-33](#) [PDF](#) for guidance on the third and fourth quarters of 2021. See [Notice 2021-24](#) [PDF](#) for guidance on the ability to reduce deposits and, in some cases, request advances for the employee retention credit through December 31, 2021.

Those who are still eligible to claim the credit, may want to see how the credit has changed since it was originally enacted by the CARES Act. The [Employee Retention Credit - 2020 vs 2021 Comparison Chart](#) shows the eligibility requirements for when the credit was first enacted, then changed by the Relief Act and then the American Rescue Plan Act of 2021.

Continue to monitor [IRS.gov](#) for more information.

Coronavirus-Related Paid Leave for Workers and Tax Credits for Small- and Mid-Size Businesses

The [Families First Coronavirus Response Act \(FFCRA\)](#) [PDF](#), enacted March 18, 2020, gives all American businesses with fewer than 500 employees funds to provide their employees with paid leave, either for the employee's own health needs or to care for family members.

The COVID-related Tax Relief Act of 2020, enacted December 27, 2020, amended and extended the tax credits (and the availability of advance payments of the tax credits) for paid sick and family leave under the FFCRA. You can get immediate access to the credit by reducing the employment tax deposits you are otherwise required to make. If your employment tax deposits are not sufficient to cover the credit, you may request an advance payment from the IRS. See [COVID-19-Related Tax Credits for Paid Leave Provided by Small and Midsize Businesses FAQs](#) for more information.

The ARP further amended and extended the tax credits (and the availability of advance payments of the tax credits) for paid sick and family leave. See [Notice 2021-24](#) [PDF](#) for guidance on the ability to reduce deposits and request advances for the credits for periods of leave through September 30, 2021. Continue to monitor [IRS.gov](#) for more information.

Those who are still eligible to claim the credit, may want to see how the credit has changed since it was originally enacted by the FFCRA. The [Paid Sick and Family Leave Credit – 2020 vs 2021 Comparison Chart](#) addresses changes that were made by the Tax Relief Act of 2020 (the Tax Relief Act) and then further changes made by the American Rescue Plan Act (ARP).

NOL Carrybacks of C-Corporations

Get answers about [NOL Carrybacks of C Corporations](#) to Taxable Years in which the Alternative Minimum Tax Applies.

Tax Exempt NOL Carrybacks

Get more information about the [carryback of NOLs by certain exempt organizations](#).

Payroll Support for Air Carriers and Contractors

Get answers about tax treatment of the air carrier payroll support payments.

Topics for Tribes

FS-2022-23, March 2022 — FAQs for Payments by Indian Tribal Governments and Alaska Native Corporations to Individuals Under COVID-Relief Legislation

Family First Coronavirus Relief Act - Tribes

- What employers may claim the tax credits?
- Are tribal governments eligible for the tax credits?
- What are the tax consequences of claiming the tax credits for a tax-exempt Eligible Employer?
- Does a government employer receive a credit for the employer's share of Medicare tax on paid leave wages it provides under the FFCRA?
- Does a government employer receive a credit for the health care expenses allocable to the qualified leave wages?

Employee Retention Credit - Tribes

- Are tribal governments and tribal entities eligible for the employee retention credit? See Question and Answer 3, [Notice 2021-20](#) [PDF](#)
- How do the aggregation Rules apply to tribes and tribal entities? See Question and Answer 9, [Notice 2021-20](#) [PDF](#).

Coronavirus Relief Fund - Tribes

- Must a state, local, or tribal government require applications to be submitted by businesses or individuals before providing assistance using payments from the Fund? [↗](#) [PDF](#) – See FAQ 43



Review these resources if your tribe or tribal entity operates a trade or business:

- [Paycheck Protection Program](#) [↗](#)
- [COVID-19-Related Tax Credits for Paid Sick and Paid Family Leave: Overview](#)
- [FAQs: Employee Retention Credit under the CARES Act](#)
- [Coronavirus Relief Fund Frequently Asked Questions](#) [↗](#) [PDF](#) (updated May 4, 2020)
- [Form 7200, Advance Payment of Employer Credits Due to COVID-19](#)
- [New Employer Tax Credits](#)

Online Tax Help

Online resources for small business and self-employed taxpayers:

- [Small Business and Self-Employed Tax Center](#): Online resources for taxpayers who file Form 1040 or 1040-SR, Schedules C, E, F or Form 2106, as well as small businesses with assets under \$10 million.
- [Filing and Paying Business Taxes](#): Electronic payment options.
- [Closing a Business](#): Procedures for getting out of business, including what forms to file and how to handle additional revenue received or expenses incurred.

- [Independent Contractor or Employee](#): It is critical that business owners correctly determine whether the individuals providing services are employees or independent contractors. We can help.
- [Small Business Taxes: The Virtual Workshop](#) : Everything a new business owner needs to know to help you meet your federal tax obligations.
- [IRS Video Portal for business](#) : Contains A-Z information for business owners and self-employed individuals in a video format.
- [Small Businesses TCJA Training Materials](#): The IRS continues to implement the Tax Cuts and Jobs Act (TCJA). This major tax legislation affects individuals, businesses, and tax-exempt government entities.
- ["What Ifs" for Struggling Taxpayers](#)

Online resources for tax-exempt and other entities:

- [Applying for Tax-Exempt Status](#): IRS requires that Form 1023 applications for recognition of exemption be submitted electronically.
- [Automatic Revocation: How to Have Your Tax-Exempt Status Retroactively Reinstated](#).
- [Annual Filing and Forms](#): In general, exempt organizations are required to file annual returns, although there are exceptions.
- [Tax Exempt Organization Search \(formerly Select Check\)](#): Tax Exempt Organization Search helps users find information about a tax-exempt organization's federal tax status and filings.
- [CARES Act Coronavirus Relief Fund frequently asked questions](#)
- [Frequently Asked Questions about Taxation of Provider Relief Payments](#)
- [Frequently Asked Question about COVID Relief for Van Pools](#)

More Information

- [See all Frequently Asked Questions: Resources and Guidance](#)