



SMALL BUSINESS PLAYBOOK

# How businesses are getting billions in cash back from government to offset hiring costs

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That war for talent has been tough on small businesses still in the midst of trying to recover from losses during the coronavirus pandemic. But many are entitled to get money back from the government through a credit against the employment taxes they pay. **Small and midsize businesses can get cash directly from the federal government through the Employee Retention Credit (ERC), which offers businesses money back on a percentage of wages paid to their employees.**

**“One of the major programs that has been largely unknown is the employee retention tax credit,”** said Sarah Crozier, spokeswoman for the Main Street Alliance, a small business advocacy organization. “A lot of people think of a tax credit as a reimbursement coming later, but this gets paid upfront.”

## *How the tax credit works*

The ERC started with first federal Covid economic relief package, and it is was recently expanded to give businesses the opportunity to claim more money back from wages they paid to employees in 2020 and 2021. Businesses can get money for wages paid through the end of 2021 and retroactive payments for 2020 wages.

Eligible businesses can claim up to 70% back on up to \$10,000 in wages paid to employees, or a maximum amount of \$7,000 per employee for each quarter of the calendar year. It adds up to a potential total of \$28,000 in cash back per employee annually.