



## Additional Financial Relief for Churches That Have Not Received a PPP Loan

Many organizations, including local churches, have been unable to obtain loans through the Paycheck Protection Program (PPP). The President signed the Paycheck Protection Program and Health Care Enhancement Act (PPP & HCE Act) on Friday, April 24. This act includes \$310 billion of additional funding for the PPP. It is likely this funding will also be distributed quickly, and inevitably, some applicants, including local churches, will be unable to secure funding. For those local churches, it is important to remember the CARES Act provides additional relief options, including an “employee retention credit” and a payroll tax deferral option.

***The employee retention credit is a fully refundable tax credit that provides up to \$5,000 per employee for the local church.*** (Note: this credit is not available to local churches that receive a PPP loan.)

The credit is taken against the FICA taxes paid by the local church. It is only available for wages paid from March 13, 2020 through December 31, 2020, and the amount of the credit is limited to 50% of up to the first \$10,000 of wages paid to each employee during that time period. If a local church does not have enough FICA taxes due to fully offset the amount of the credit, it can receive a cash refund for the remaining amount. A local church is eligible for the employee retention credit if it carries on a trade or business during calendar year 2020 and either (1) has had to fully or partially suspend operations during a calendar quarter in 2020 “due to orders from an appropriate governmental authority limiting commerce, travel, or group meetings (for commercial, social, religious, or other purposes) due to the coronavirus disease 2019” or (2) has experienced a decrease in gross receipts of more than 50% in a calendar quarter in 2020 when compared to the same calendar quarter in 2019.

***The CARES Act also created a deferral option for the payment of the employer’s share of FICA taxes incurred from March 27, 2020 through December 31, 2020.*** (Note: an organization that has received loan forgiveness on a PPP loan is not eligible for this deferral option.) At least 50% of any deferred amounts must be paid by December 31, 2021, with the remaining balance due on December 31, 2022.

For more information about the employee retention credit see:

- This [IRS Q and A](#)
- This [IRS news release](#)

For more information about the deferral of employment tax payments see:

- This [IRS Q and A](#)