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IRS updates, expands FAQs on employee retention credit (COVID-19)

The IRS today updated and expanded a list of “frequently asked questions” (FAQs) concerning the employee retention credit that is available as a relief measure in response to the coronavirus (COVID-19) pandemic.

Read the new FAQs as posted on a [dedicated IRS webpage](#).

Overview

The employee retention credit—included in the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) (Pub. L. No. 116-136)—is a refundable payroll credit of 50% of qualified compensation paid by eligible employers whose business has been financially affected by COVID-19. Qualified compensation is limited to the first \$10,000 of compensation, including health benefits, paid to the employee. Thus, the maximum credit is \$5,000 (50% x \$10,000) per employee.

The IRS on March 31, 2020, released an initial set of FAQs concerning the employee retention credit. Read [TaxNewsFlash](#). The Senate Finance Committee also on March 31, 2020, released a set of 12 FAQs on the employee retention credit. Read [TaxNewsFlash](#)

Today’s FAQs include approximately 90 new sets of questions and answers regarding the employee retention credit under the CARES Act. The FAQs (updated April 29, 2020) also include this statement:

This FAQ is not included in the Internal Revenue Bulletin, and therefore may not be relied upon as legal authority. This means that the information cannot be used to support a legal argument in a court case.

The purpose of this report is to provide a link to the new FAQs.

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