

California Wildfires Employee Retention Credit

Employers affected by the California wildfires may be eligible for California Wildfire Employee Retention Credits for any clients that has locations in the affected counties.

The details:

Amount of Credit:

An eligible employer who continued to pay or incur wages after the employer's business became inoperable because of damage from certain California wildfires beginning on or after October 8, 2017, and before November 1, 2017, may be able to claim a credit equal to 40% of up to \$6,000 of qualified wages paid to or incurred for each eligible employee.

Eligible Employer:

Eligible employer. For this purpose, an eligible employer is an employer who conducted an active trade or business in the California wildfire disaster zone on October 8, 2017, and whose trade or business was inoperable on any day after October 8, 2017, and before January 1, 2018, because of damage sustained from certain California wildfires. Note: December 4, 2017 to January 1, 2018 dates for the second group.

Eligible Employee:

Eligible employee. For this purpose, an eligible employee is an employee of an eligible employer whose principal place of employment on October 8, 2017, with the employer, was in the California wildfire disaster zone.

Counties Included:

The following counties are in the California wildfire disaster zone for certain wildfires beginning on or after October 8, 2017 and before November 1, 2017: Butte, Lake, Mendocino, Napa, Nevada, Orange, Sonoma and Yuba. The following counties are in the California wildfire disaster zone for certain wildfires beginning on or after December 4, 2017: Los Angeles, San Diego, Santa Barbara and Ventura.

Eligible Employee:

Eligible employee. For this purpose, an eligible employee is an employee of an eligible employer whose principal place of employment on October 8, 2017, with the employer, was in the California wildfire disaster zone. An employee isn't an eligible employee for any period during which the eligible employer is allowed a work opportunity credit for wages paid to or incurred for the employee.

Qualified Wages:

Qualified wages. For this purpose, qualified wages are wages you paid to or incurred for eligible employees on any day after October 8, 2017 and before January 1, 2018, during the period beginning on the date your trade or business first became inoperable at the employee's principal place of employment immediately before October 8, 2017, and ending on the date your trade or business resumed significant operations at that place. The amount of qualified wages that may be taken into account is limited to \$6,000 per employee. This includes wages paid or incurred whether the employee performs no services, performs services at a place of employment other than the principal place of employment, or performs services at the principal place of employment before significant operations have resumed. Wages qualifying for the credit generally have the same meaning as wages subject to the Federal Unemployment Tax Act (FUTA). Qualified wages also include amounts you paid or incurred for medical or hospitalization expenses in connection with sickness or accident disability. Qualified wages don't include wages paid to or incurred for your dependent or wages paid to or incurred for an employee related to you. For agricultural employees, if the work performed by any employee during more than half of any pay period qualifies under FUTA as agricultural labor, the first \$6,000 of that employee's wages subject to social security and Medicare taxes are qualified wages. For purposes of this credit, qualified wages paid by a third-party payer (including an employee leasing company, a professional employer organization, or a Certified Professional Employer Organization) to eligible employees of an eligible employer are considered qualified wages incurred by the eligible employer. Only the eligible employer, and not the third-party payer, can take into account such qualified wages in claiming the credit. Qualified wages for any employee must be reduced by the amount of any work supplementation payment you received under the Social Security Act for the employee.