

SALT WATCH

New Employee Retention Credit for Employers Impacted by Hurricane Harvey, Hurricane Irma or Hurricane Maria

On September 29, 2017, President Trump signed H.R.3823, the “Disaster Tax Relief and Airport and Airway Extension Act of 2017” (“the Act”) into law. The Act created an employee retention tax credit (“retention credit”) for eligible employers in areas affected by hurricanes Harvey, Irma and Maria. The retention credit is equal to 40% of qualified wages paid to eligible employees up to a maximum of \$6,000 per eligible employee.

Companies eligible for the retention credit include employers that conducted business in a hurricane disaster zone and whose business became inoperable on any day after the hurricane disaster zone was declared and before January 1, 2018.

An eligible employee is any employee whose principal place of employment was with an eligible employer within one of the hurricane disaster zones on the date the hurricane disaster zone was declared. Individuals may not be considered eligible employees for both the retention credit and the Work Opportunity Tax Credit. Qualified employers may choose only one of the two credits. Wages eligible for the retention credit include wages paid by an eligible employer to an eligible employee in a hurricane disaster zone beginning any day after the hurricane disaster zone was declared and the business became inoperable and ending January 1, 2018, or on the date in which the trade or business resumes significant operations, whichever date comes first.

The following areas were declared hurricane disaster zones under the Act:

- Hurricane Harvey, declared August 23, 2017, includes the following **39 Texas counties:** Aransas, Austin, Bastrop, Bee, Brazoria, Calhoun, Chambers, Colorado, DeWitt, Fayette, Fort Bend, Galveston, Goliad, Gonzales, Hardin, Harris, Jackson, Jasper, Jefferson, Karnes, Kleberg, Lavaca, Lee, Liberty, Matagorda, Montgomery, Newton, Nueces, Orange, Polk, Refugio, Sabine, San Jacinto, San Patricio, Tyler, Victoria, Walker, Waller, Wharton.



New Employee Retention Credit for Employers Impacted by Hurricane Harvey, Hurricane Irma or Hurricane Maria (cont.)

- Hurricane Irma, declared September 4, 2017, includes **48 counties in Florida** (Alachua, Baker, Bradford, Brevard, Broward, Charlotte, Citrus, Clay, Collier, Columbia, DeSoto, Dixie, Duval, Flagler, Gilchrist, Glades, Hardee, Hendry, Hernando, Highlands, Hillsborough, Indian River, Lafayette, Lake, Lee, Levy, Manatee, Marion, Martin, Miami-Dade, Monroe, Nassau, Okeechobee, Orange, Osceola, Palm Beach, Pasco, Pinellas, Polk, Putnam, Sarasota, Seminole, St. Johns, St. Lucie, Sumter, Suwannee, Union, Volusia), **7 counties in Georgia** (Camden, Charlton, Chatham, Coffee, Glynn, Liberty, McIntosh) and county-equivalents in St. John Island and St. Thomas Island
- Hurricane Maria, declared September 16, 2017, includes all of **Puerto Rico's** 78 municipalities.

For additional information regarding the retention credit, please reach out to the GBQ Credits and Incentives Team:

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