



HARPER & PEARSON
COMPANY, P.C. CERTIFIED PUBLIC
ACCOUNTANTS

HURRICANE RELIEF

In an effort to speed recovery to the devastated areas of Hurricanes Harvey, Irma and Maria, President Trump signed the Disaster Tax Relief and Airport and Airway Extension Act of 2017 (Disaster Relief and FAA Act of 2017) on September 29, 2017. The tax relief in the Disaster Relief and FAA Act of 2017 includes an employee retention credit for eligible employers.

The employee retention credit allows eligible employers in the hurricane disaster areas a 40-percent credit for qualified wages paid to eligible employees. The amount of qualified wages which may be taken into account for any one eligible employee is limited to \$6,000. The credit is part of the current year business credit and therefore is subject to tax liability limitations. This credit does not apply to wages paid to employee-owners who own more than fifty percent of the business.

For purposes of this credit:

- An eligible employer is any employer that conducted an active trade or business in a hurricane disaster area which, as a result of damage sustained by reason of the hurricanes, became inoperable in any day from the applicable disaster date, and before January 1, 2018. For Hurricane Harvey, the disaster date is August 23, 2017; for Hurricane Irma, the date is September 4, 2017; and for Hurricane Maria the date is September 16, 2017.
- Eligible employees are employees whose principal place of employment on the applicable disaster date was with the eligible employer in a hurricane disaster area.
- Qualified wages are wages paid or incurred by an eligible employer with respect to an eligible employee on any day after the applicable disaster date, and before January 1, 2018, during the period:
 - Beginning on the date on which the trade or business first became inoperable at the principal place of employment of the employee immediately before the hurricane and
 - Ending on the date on which such trade or business has resumed significant operations at such principal place of employment.

Qualified wages included wages paid without regard to whether the employee performs no services, performs services at a different place of employment other than the principal place of employment, or performs services at the principal place of employment before significant operations have resumed.

Employers cannot claim a retention credit and a Work Opportunity Credit for the same employee. The employee retention credit is intended to encourage the economic recovery of the hurricane affected areas.

If you have any questions related to this credit, please call 713-622-2310.