

What is an Aggregated Large Employer?



An Aggregated Large Employer refers to a group of affiliated entities that are under common control.

For example: parent and subsidiary, or common ownership of multiple companies.

Which related employers are aggregated employers for purposes of the Employee Retention Credit?

Under the IRS section 52 rules, corporate taxpayers may be required to aggregate as a parent-subsidiary controlled group, a brother-sister controlled group, or a combined group of corporations. Section 52(a) of the Code describes a parent-subsidiary controlled group of corporations, generally, as one or more chains of corporations where the com-

mon parent owner/corporation owns more than 50 percent. Under this rule, entities are considered a single employer if they are under common control applying rules similar to the parent-subsidiary or brother-sister controlled group rules or the rules for a combined group of corporations.

What is the impact of the aggregations rules that treat related entities as a single employer?

All entities that are members of a controlled group of corporations or a group of entities under common control under section 52(a) or (b) of the Internal Revenue Code (the "Code") rules are considered a single employer for purposes of the application of the Employee Retention Credit rules.

As a result, these employers must be aggregated for purposes of the following rules applicable to the Employee Retention Credit:

1. Determining whether the employer has a trade or business operation that was fully or partially suspended due to orders related to COVID-19 from an appropriate governmental authority.
2. Determining whether the employer has a significant decline in gross receipts.
3. Determining whether the employer has more than 100 full-time employees.