



# EMPLOYEE RETENTION TAX CREDIT (ERC)

# INTRODUCTION

The Employee Retention Credit is a federal government cash award available to virtually every small business ( $\leq 100$  in 2020 and  $\leq 500$  employees 2021) in America. Generally, your business will be entitled to \$5,000 for every employee in 2020 and up to \$28,000 per employee in 2021. You will qualify for the ERC even if you have received PPP I and PPP II. Food and Beverages companies will qualify for ERC even if awarded an additional Restaurant Revitalization Fund grant.

*“Every client is served by an experienced credits and incentives professional with every project reviewed and approved by CPA’s and/or Attorneys.”*

**Brian Eby, Partner Attorney, MBA**  
ERC Team Leader



## ERC...

### Eligibility

Under the original law, only operations that were either fully or partially suspended by a COVID-19 lockdown order; or, for any quarter in 2020, if gross receipts were less than *50% of gross receipts* for the same quarter in 2019 were eligible.

In 2021, the gross receipts reduction was reduced from *50% to less than 80% of gross receipts* for the same quarter in 2019.

Many companies that did not see a qualifying gross receipts reduction will qualify if “partially suspended” due to governmental orders that limit hours of operations, disrupt supply chains, restrict access to the workplace, limit gathering sizes or require slowdowns for cleaning, among other suspension scenarios.

### Period of Availability

The original law only included qualified wages paid after March 12, 2020, and before Jan. 1, 2021. Now, the ERC has been extended through December 31st, 2021.

### Amount

Under the original law, the amount of the ERC was equal to 50% of the qualified wages paid to the employee, including the cost to continue providing health benefits to the employee. In 2021 the ERC amount is increased to 70% of qualified wages.

Under the original law, ERC was capped \$10,000 in qualified wages for all of 2020. In 2021, the qualified wages are \$10,000 per quarter, or a maximum ERC of \$28,000 for 2021. In all, employers could receive as much as \$33,000 per employee for 2020 and 2021.

# PAYROLL TAX EXPERTISE

This is the least understood and most under appreciated aspect of selecting your ERC advisor. Our experience with hundreds of clients will help you realize your ERC benefits quickly. Obtaining the benefits requires a payroll tax expertise that none of our competitors have. You must know how to handle payroll coding with all the payroll companies to actually obtain the ERC benefits on your next payroll or within weeks. **Filing a 941X is likely to take a year or more to get processed and paid...avoid this if at all possible.**

One of our Partners, Mike Svoboda, was the former national leader of the employment tax practice at a Big 4 firm. His experience with your payroll processor or PEO will provide an enormous advantage in actually obtaining and accelerating the timing of your ERC benefits.



*“We work hands on with your payroll personnel and outside provider on the coding needed to obtain immediate benefits.”*

**Brian Pluckhan, Managing Partner**

## OUR PROCESS

### PHASE 1

#### OPPORTUNITY ANALYSIS

The purpose of the Phase 1 is to collect payroll information, gross receipts, partial suspension facts, and qualifying PPP expense data.

We will provide you with an estimate of your ERC benefit and timing.

Using this information, we rapidly move to Phase 2 to obtain the cash benefits from the ERC.

### PHASE 2

#### CREDIT MONETIZATION METHOD

The purpose of Phase 2 is to accelerate realization of the cash benefits available from the ERC Study.

We will evaluate the key factors impacting the amount of the ERC and we work hands on with your payroll personnel and payroll processor to obtain your benefits quickly.

### PHASE 3

#### ANALYSIS/ DOCUMENTATION

We provide a detailed ERC tax study to support your ERC claim.

**Narrative** supporting your claim available for an IRS audit.

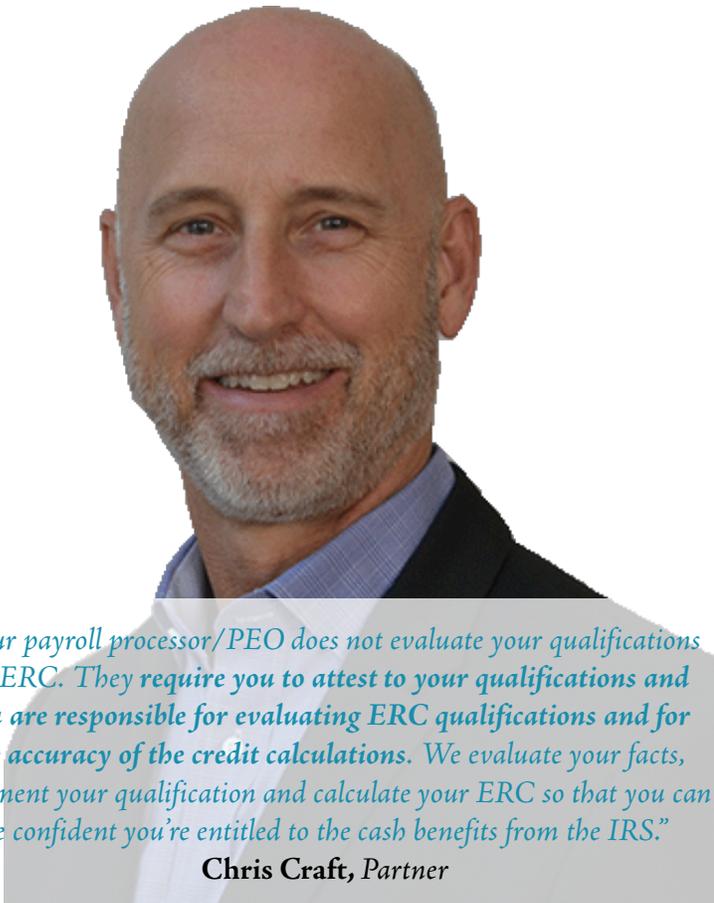
**Computations** for qualification as a small business in '20 and '21.

**Qualified Wages** for the Credit, factoring in use of your PPP I and PPP II loans.

**Technical Documentation** of your qualification along with any unique issues connected to your qualification and/or calculation of the ERC.

# THINK ADVANTAGES

There has been a rush of overnight ERC service providers like PEOs, payroll processors, industry associations, overnight consultants or unqualified advisors. You might save some fees, but how much credit did you give up? Who will advise you on PPP I and II utilization to maximize your ERC? Who will evaluate and advise you how to allocate expenses to minimize use of your PPP for wages? Who will be there to defend you when the IRS audits your ERC? Who will respond to IRS correspondence? Who will handle the payroll coding and payroll personnel questions to be sure your deposits are handled correctly? Your ERC will be realized by retaining or recovering federal payroll taxes. Don't trust a serious responsibility like payroll tax remittance to anyone who is not a CPA or an attorney who is authorized under Circular 230 to represent you before the IRS. The process is just too complex and requires advisors with professional qualifications and tax credit experience to perform the analysis so that you obtain and can support the maximum award possible.



*“Your payroll processor/PEO does not evaluate your qualifications for ERC. They require you to attest to your qualifications and you are responsible for evaluating ERC qualifications and for the accuracy of the credit calculations. We evaluate your facts, document your qualification and calculate your ERC so that you can be confident you're entitled to the cash benefits from the IRS.”*

**Chris Craft, Partner**

Our Team is led by eight former Big 4 Tax Partners, providing you with Big 4 quality and experience with the flexibility and cost advantages of a CPA firm specialized in nothing other than credits and incentives. Other advantages are:



# THINK COMPARISON TO OTHER ERC SERVICE PROVIDERS

We provide the professional credentials and experience to evaluate your ERC calculation, applying the law in a way to maximize and defend your award under audit. We provide full life-cycle services from the computation of the ERC, realization of benefit through your payroll tax filing process, documentation of your ERC in a detailed tax credit study and IRS audit representation which may be years down the road. We have nearly 30 years of experience working exclusively with employee-based jobs tax credit studies. No other ERC service provider provides the complete solution we offer through our team of Former Big 4 CPA's and attorneys.

Think is also an ERC thought leader. You can find detailed guidance regarding the ERC in Think Articles published in Tax Notes:

- [Qualifying Small Business PPP Loan Recipients for the ERC](#)
- [Essential Industries' Qualification for the Retention Credit](#)

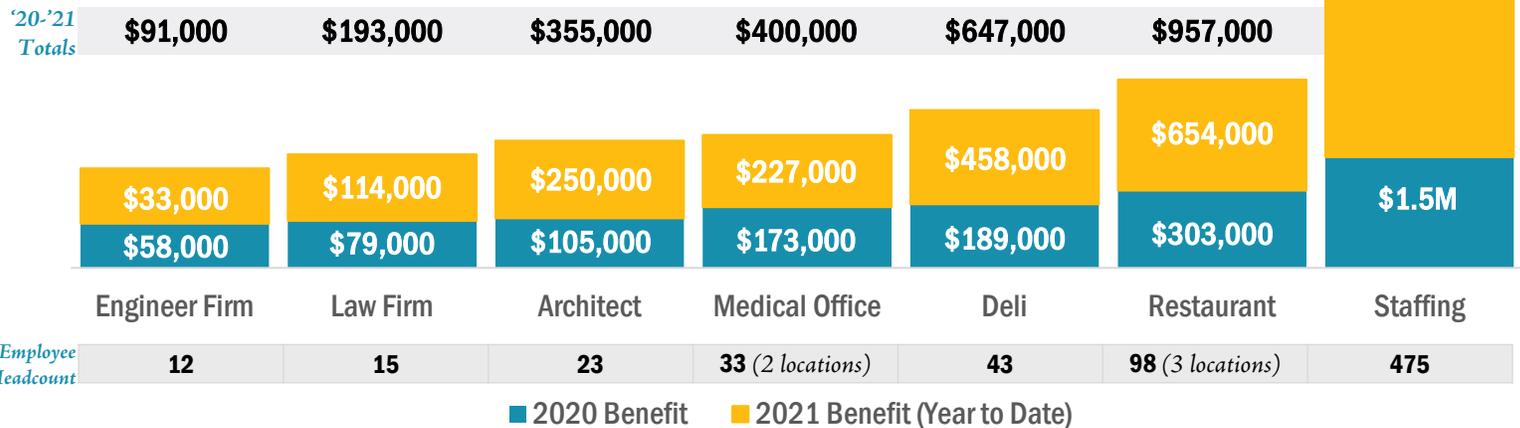
- Maximize Credit
- Former Big 4 Partners
- CPA's/Attorneys
- ERC Study Supporting Results for IRS Audit
- ERC Experience with over 500 Clients
- 100% Focused on Credits
- Guarantee IRS Audit Representation
- PPI & II Advice on Timing & Expenses to Maximize ERC
- Payroll Tax Expertise working with Payroll Providers to Code ERC in System
- Accelerate Benefit Faster Immediate
- Thought Leader ERC Articles
- Contingent Fee-No Risk



LOW QUALIFICATIONS HIGH QUALIFICATIONS

# CLIENT EXAMPLES

“Our clients are thrilled by the benefits received, here are a few real-world examples.”



## QUALIFICATION

You qualify if you had 1) quantitative comparison of gross receipts in 2020 & 2021 compared to 2019 or 2) qualitative alternative test based on whether government orders impacted your operations fully or partially due to COVID-19.

### If #2: Questions to Ask

- Did your employees have to socially distance at work?
- Did your customers have to socially distance in your business (e.g. tables separated 6 ft at restaurant)
- Were your business hours limited in some fashion?
  - Cleaning periodically
  - Opening/Closing time
  - Limited hours to sell alcohol after a certain time
  - Restricted from working in the facility?
- Were operations temporarily shut down?
- Were employees restricted from going to work?
- Were employees subject to a curfew that affected hours worked?
- Was your business to shut down for periodic cleaning and disinfecting?
- Did your vendors create a supply chain disruption? (even if the employer was an essential business exempt from government orders)
- Did your service providers have disruption that created a supply chain disruption?
- Was there any limitation placed on working hours? (even if the employer was an essential business)
- Were there any government orders that affected the business in a way that it could not operate in a comparable manner?
- Was there any unbundled part of the business in a way that the business part could not operate in a comparable manner?
- Was there restricted access to the physical workplace?
- Was there reduced working hours because of pandemic-related operating limitations?
- Were any imposed limitations on the use of physical space, affecting services?
- Were any imposed limitations on size of gatherings, affecting the business operations? (e.g. number of customers physically in the business)
- Were your employees denied access to the use of physical workspace space or physical assets?
- Were your employees required to work remotely causing some limitations in ability to perform comparable duties?



Think, LLP's management team is made up of "Big-4" accounting firm partners and consultants. We focus on providing credits and incentives services including ERC, state credits and incentives, R&D Tax credit studies and sales and use tax consulting and compliance services. Aligned with the client's trusted business advisors, Think LLP's studies are imperative for maximizing and sustaining significant tax savings.

Our services complement the expertise and expand the service offerings for advisors and CPA's clients. Together we help strengthen existing and future client relationships.

## OUR ERC TEAM

[thinkllp.com](http://thinkllp.com)

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*"Our strength is the caliber and experience of our team."*