



# EMPLOYEE RETENTION TAX CREDIT



...HIGH VALUE TAX INSIGHTS

NATIONWIDE CONSULTING FIRM

# INTRODUCTION

The Employee Retention Credit (ERC) is a federal government cash award available to virtually every small business in America. Generally, your business will be entitled to \$5,000 for every employee in 2020 and up to \$21,000 per employee in 2021. You can qualify for the ERC even if you have received PPP I and PPP II. Food and Beverages companies can 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**  
Partner & 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, where there was a *50% reduction from 2019*, were eligible.

In 2021, gross receipts test were made easier only a *20% reduction from 2019* needed to qualify.

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 September 30th, 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 \$21,000 for 2021. In all, employers could receive as much as \$26,000 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 fully and accurately (within weeks or on your next payroll is no longer an option). [Filing a 941X](#) is likely to take up to a year or more to get processed and paid.

*“From analysis to filing, our team of experts will take on the heavy lifting and maximize your benefits.”*

**Krista Caulkins**  
Director



## OUR PROCESS

### PHASE 1

#### QUALIFICATION

- Qualified Employer
- Review Facts
- Government Orders

### PHASE 2

#### QUANTIFICATION

- Collect Data
- PPP Loans and Use
- Quarterly Analysis
- Payroll

### PHASE 3

#### FILING

- 941X – Quarterly
- Tracking Electronic Review Process IRS
- IRS Exam Support (if audit)



# 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. 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 support 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](#)
- [Do Employee-Owner Wages Qualify for the Employee Retention Credit?](#)



LOW QUALIFICATIONS

HIGH QUALIFICATIONS

## CLIENT EXAMPLES

01	02	03	04	05	06
					
<b>MEDICAL OFFICE</b> <i>Orthopedic &amp; Physical Therapy</i>	<b>RESTAURANT</b> <i>Quick-Service Dining &amp; Take Out</i>	<b>MANUFACTURING</b> <i>Canning &amp; Distribution</i>	<b>HEALTHCARE PROVIDER</b> <i>Primary &amp; Specialty Physician Services</i>	<b>ASSISTED LIVING</b> <i>Skilled Nursing/Rehab Services</i>	<b>STAFFING</b> <i>Temporary Staffing</i>
<b>33 Employees</b> <i>(2 Locations)</i>	<b>98 Employees</b> <i>(3 Locations)</i>	<b>800 Employees</b>	<b>350 Employees</b>	<b>476 Employees</b>	<b>475 Employees</b>
<b>\$400,000</b>	<b>\$957,000</b>	<b>\$2M</b>	<b>\$4.5M</b>	<b>\$6.2M</b>	<b>\$8M</b>

## 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?

*This test is highly subjective and requires a review of your specific circumstances to fully understand qualification and ERC eligibility.*



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)

### BRIAN EBY, ATTORNEY, MBA

*Partner & ERC Team Leader*

#### VICTOR BAGDASAR

*Manager*

#### STEPHEN BASIAGA, J.D., LL.M.

*Senior Manager*

#### JOHN TYLER BURDEN

*Manager*

#### CHRISTINE BUSTAMANTE

*Partner (Former KPMG Tax Partner)*

#### KRISTA CAULKINS

*Director*

#### CHRIS CRAFT

*Partner (Former KPMG Tax Partner)*

#### JEFFERY MORRIS, CPA, MBT, CMI

*Partner (Former KPMG Tax Partner)*

#### SCOTT NELSON

*Director*

#### RYAN SMALIGO

*Director*

#### MICHAEL SVOBODA, MBA

*Partner (Former KPMG Employment Tax Partner)*

#### BENJAMIN WEISFUSE

*Senior Manager*

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