

Employee Retention Tax Credit Is A Lifeline For Businesses

(NAPS)—During the COVID-19 pandemic, the federal government took action to support business owners who kept their employees on the job, despite bleeding bottom lines. Unfortunately, facing a mountain of red tape, many who could qualify for the Employee Retention Tax Credit (ERTC) have literally left money on the table. Fortunately, taking advantage of the program is easier than they realize.

The credit explained

The ERTC is a refundable tax credit available to businesses, colleges, universities, hospitals, and not-for-profits that had a drop in revenue or were affected by government orders. Unlike many of the assistance programs the government put in place, it is not a loan and does not need to be repaid. Businesses may be able to recover money even if they did not have a loss of revenue or if they received Paycheck Protection Program funding or some ERTC credits previously. Businesses can claim up to \$5,000 per employee for wages paid in 2020 and up to \$21,000 per employee in 2021. Actual amounts will vary depending on how much the eligible employees were paid in wage and healthcare benefits.

Eligibility

To qualify, a business must have had a drop in revenue by 50% or more in any quarter of 2020 or by 20% or more in any quarter of 2021. Alternatively, businesses can claim the credit if the government forced them to fully or partially suspend operations. Even reduced hours count.

Some business owners may have been hesitant to apply for the ERTC program because early in the pandemic, they were forced to choose between the Payroll Protection Program, administered by the Small Business Administration, and the ERTC, administered by the IRS. However, the government changed the rules in late 2020, and now businesses can qualify for both programs.



Companies that lost money during the pandemic may not realize they could get a tax credit.

Claiming the credit

Some small business owners may have decided not to pursue the credit because the paperwork is complicated, and there was no guarantee that they would be approved. Forced to choose between spending hours on complicated IRS forms or paying an accountant to do it for them, they chose to leave the money unclaimed.

“If you kept your workers on the job during the pandemic and your business experienced a drop in revenue or was affected by a governmental order, there’s no reason not to apply for the Employee Retention Tax Credit,” said Michael Blom, a partner at The Lake Law Firm, which helps businesses claim the ERTC. “We only need 45 minutes of a business owner’s time before we complete and submit the application on their behalf. And, unlike accountants or payroll companies who make you pay upfront, our firm will only charge a tax-deductible fee if we are successful in recovering money for your business and will also defend you at no cost if audited by the IRS. Business owners have nothing to lose.”

Business owners have up to three years from when they filed their taxes for the relevant tax quarter to apply. To learn more about the ERTC, visit www.ERTCAdvisors.org or call 800-222-9000.