

 **BIGTIME** × **STRATEGO PARTNERS**

# **The Employee Retention Credit (ERC)**

## **Opportunity, Myths and Misconceptions**



**Steve Brown**  
CEO, Stratego Partners

- Steve Brown is the CEO of Stratego Consulting, Inc. Steve and Stratego have been delivering million dollar plus profit improvement and cost saving results to clients since he founded the consultancy in 2002.
- Prior to founding Stratego in 2002, Steve was the CFO/COO of 5 privately owned companies, including 2 software businesses, 2 professional services firms and the largest provider of railcar maintenance and repair services in the U.S.



## **Mary Rose Birch**

Partner, Stratego Partners

- Mary Rose Birch, CPA, MBA is an experienced CFO/COO and has extensive financial management and consulting expertise specializing in corporate cost savings and profit improvement strategies in a variety of industries. Mary Rose joined Stratego Partners in 2004.
- Mary Rose has worked with various companies, such as SaraLee Corporation, Baxter Healthcare and Beatrice Company.
- Mary Rose is a Certified Public Accountant and holds an MBA from Northwestern University's Kellogg Graduate School of Management.

# Today's agenda

- ERC Eligibility
- ERC highlights
- Key dates
- Misconceptions about the ERC
- Questions?



**We want to hear  
from you!**

**After each section  
we will be taking  
questions.**

**Poll Question #1:**

**Have you already  
qualified/applied for the ERC?**

# Recent News From The IRS...

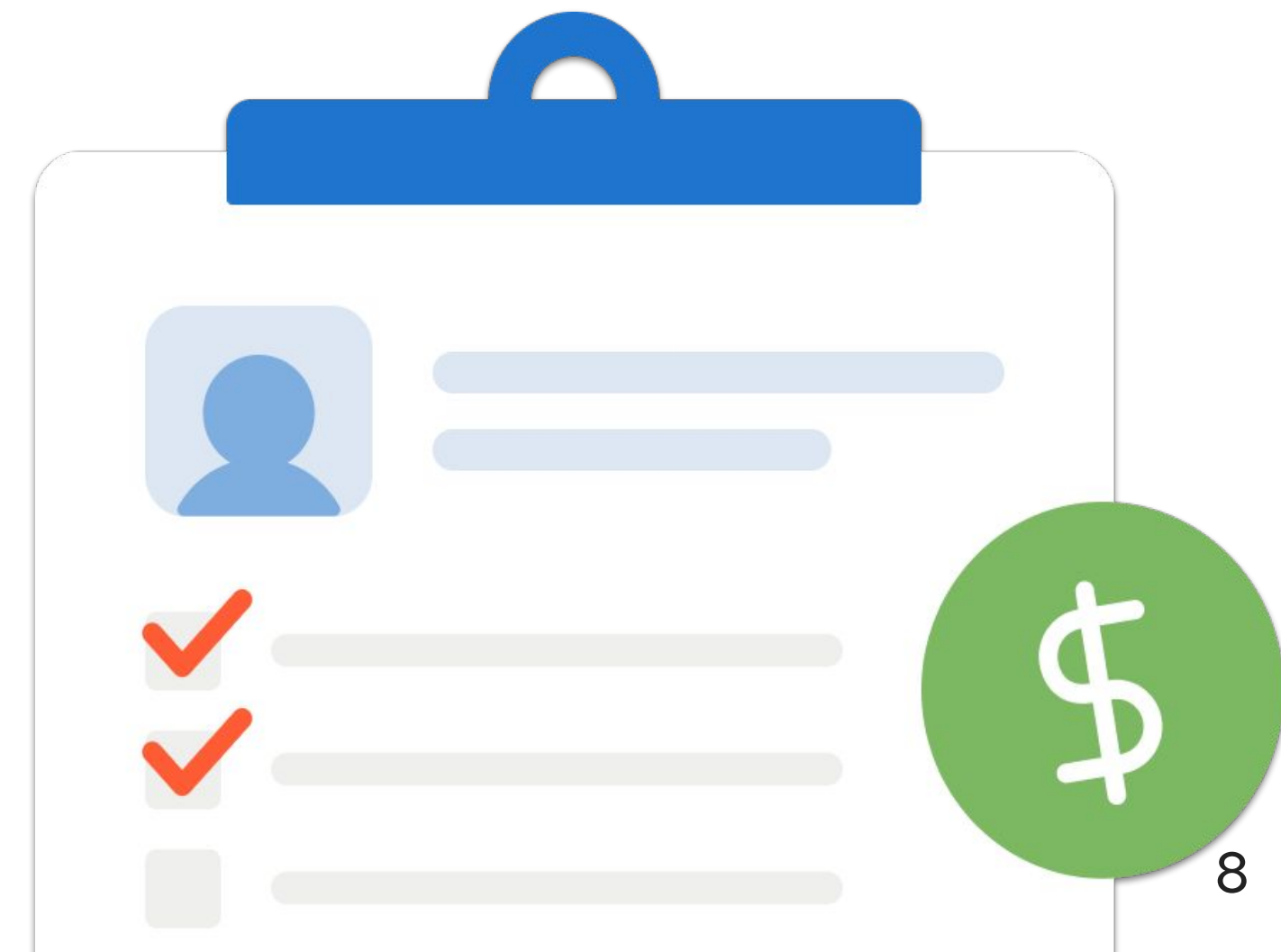
- On September 14, 2023 the IRS announced a moratorium on processing new ERC submissions through the end of 2023
- Claims already submitted will continue to be processed, albeit at a slower pace
- In the announcement the IRS expressed significant concerns regarding:
  - Aggressive marketing/marketer promises
  - Lack of/poor documentation supporting the company's ERC qualification and the quarterly ERC calculation amount
  - Lack of co-signing the amended quarterly 941-X's
  - Lack of coordinating PPP loan forgiveness
  - Fraudulent ERC claim submissions
- ***Note: the fraudulent ERC claim submission concern is hot on the heels of the billions of dollars of fraudulent PPP loan applications***

# ERC Eligibility

- ❑ The March 2020 CARES Act initiated the Employee Retention Credits (ERC) program
- ❑ The 2020 ERC is available to businesses with 5 or more but not more than 100 W-2 employees
- ❑ An eligible business needs to document a significant Covid impact and reduction in revenue when comparing each quarter of 2020 to the same quarter in 2019
- ❑ ERC was expanded In 2021 to include businesses with up to 500 full-time W-2 employees
- ❑ In order to qualify/apply, eligible businesses amend their quarterly Form 941's from 2020 and 2021
- ❑ Qualified businesses receive their ERC payments directly from the IRS

# ERC Highlights

- The 2020 max = \$5,000 per employee
  - 50% of first \$10,000 W-2 comp
- The 2021 max = \$21,000 (\$7,000 per employee for each of Q1, Q2 and Q3)
  - 70% of first W-2 \$10,000 W-2 comp
- For employees under the W-2 comp limit, you can add employer paid health insurance and retirement costs
- Amended quarterly 941s need to be filed within 3 years of the original 941 filing date





**Poll Question #2:**

**How many full-time employees  
do you have?**

# Other ERC Qualification Criteria

In addition to the # employees limits, need to document the following:

- Did one or two more than nominal revenue segments show a decline?
- Did you incur any specific expenses or costs in order to deal with Covid?
- Were any industry trade shows, conferences, etc. canceled or changed to virtual?
- Was travel to/by customers impacted?
- Were sales or operations impacted by local, state or federal orders?
- Did Covid require a change in how you engage with customers?
- Were warehouse and distribution operations impacted?
- Were any key suppliers impacted or supply chain disruptions incurred?

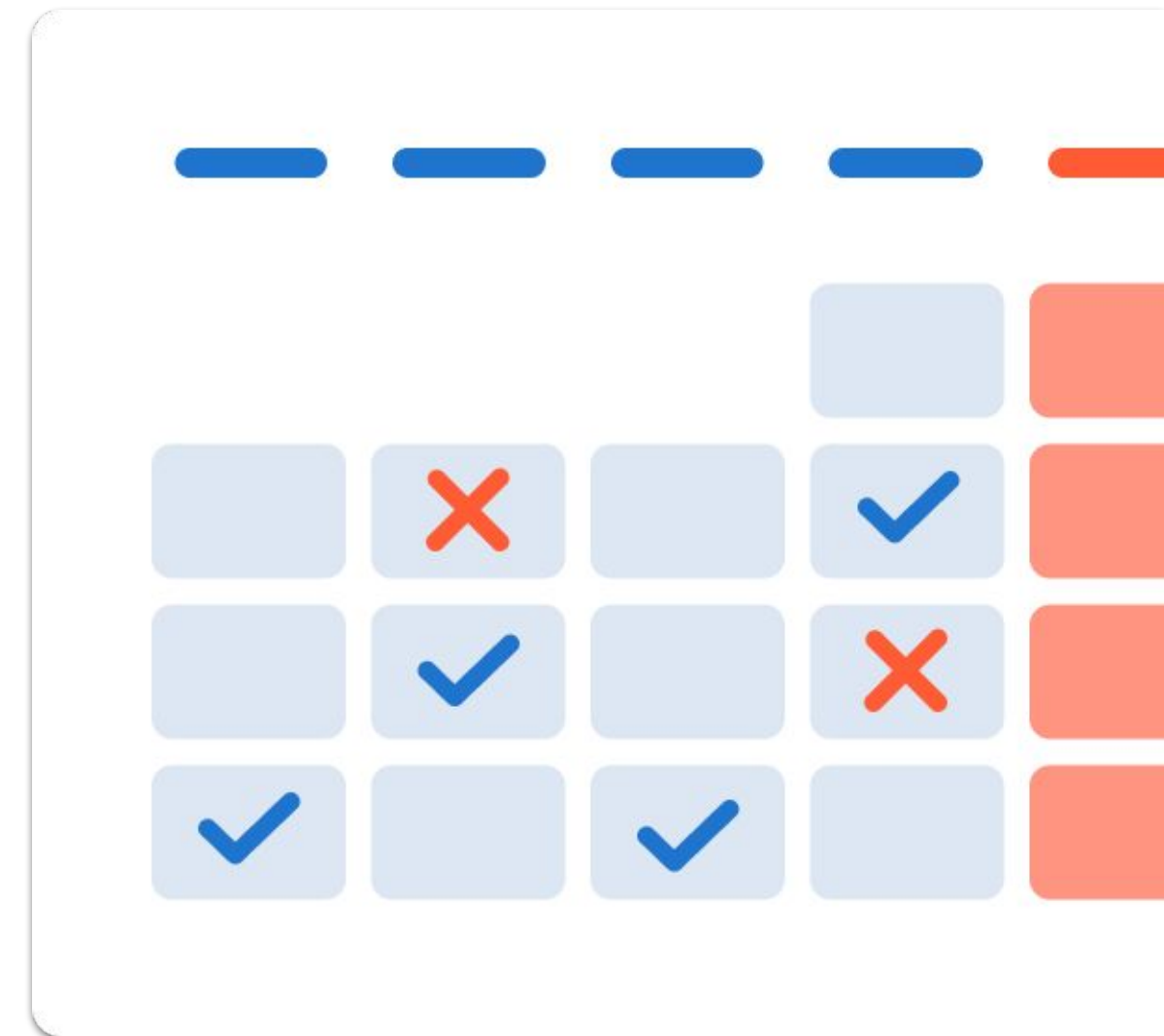
# ERC Documentation

- Quarterly Revenue summary by business segment comparing the baseline 2019 to the corresponding quarters in 2020 & 2021
- Originally filed Quarterly 941's (and 941-X's, if applicable) for 2020 and 2021
- Detailed payroll summaries by employee for each quarter in 2020 and 2021 (need to match the W-2 comp reported on the original 941's)
- PPP loan application and loan forgiveness documents, if any
- Qualification report, including the quarterly ERC calculations, Covid impact upon the business, etc.

# Key Dates

- October 2023, file 3Q 2020 amended 941-X
- January 2024 or sooner, file 4Q 2020 amended 941-X
- April 2024 or sooner, file 1Q 2021 amended 941-X
- July 2024 or sooner, file 2Q 2021 amended 941-X
- October 2024 or sooner, file 3Q 2021 amended 941-X

Note: expected ERC payments from IRS = 8-10 months



# Misconceptions and Missed Opportunities

- It's almost 4Q 2023, did I miss out on the ERC?
- My business grew during Covid 19, so I do not qualify
- I do not qualify for 2020, so I do not qualify for 2021
- I do not qualify for one of the quarters in 2021, so I do not qualify for any 2021 ERC
- I Googled ERC and there are a lot of scam warnings. What gives?
- Receiving a million dollar ERC payment sounds too good to be true. Is it?

## **Poll Question #3**

**Are you interested in a  
consultation with Stratego  
Partners?**

# Questions?

**Steve Brown**

[sbrown@strategopartners.com](mailto:sbrown@strategopartners.com)

**Mary Rose Birch**

[maryrosebirch@strategopartners.com](mailto:maryrosebirch@strategopartners.com)

# Thank you!



marketing@bigtime.net  
bigtime.net/blog