



ERC LAW CENTER
FEDERAL STIMULUS *for* BUSINESS RECOVERY

FAQs

WHY HAVEN'T I HEARD ABOUT ERC BEFORE?

PPP was heavily marketed by the SBA, while ERC is claimed directly through the US Treasury. Along with our bank partners, it's our mission to educate you and obtain for your business the payroll tax refund that it's entitled to.

HOW IS ERC DIFFERENT FROM THE PAYCHECK PROTECTION PROGRAM (PPP)?

PPP was a forgivable loan. ERC returns the payroll taxes that your business has already paid. Once your business receives the ERC funds from the US Treasury, it does not have to pay back the credit.

WHAT IS THE EMPLOYEE RETENTION CREDIT (ERC)?

ERC is a refundable payroll tax credit. Born out of the same CARES Act as PPP, its aim is to provide economic relief for small and medium businesses who retained employees during the COVID-19 pandemic. Initially, eligible employers could only take either PPP, or ERC. In 2021, as part of the Consolidated Appropriations Act, Congress amended this provision, allowing businesses to apply for both.

WHAT PERIOD DOES THE PROGRAM COVER?

The program began on March 13th, 2020 and ends on September 30, 2021, for eligible employers. You can apply for refunds for 2020 and 2021 starting now, and into 2025. And potentially beyond then too.

DO WE STILL QUALIFY IF WE ALREADY TOOK THE PPP?

Yes. Under the Consolidated Appropriations Act, businesses can now qualify for the ERC even if they already received a PPP loan. Note, though, that the ERC will only apply to wages not used for the PPP.

DO WE STILL QUALIFY IF WE DID NOT INCUR A 20% DECLINE IN GROSS RECEIPTS?

Your business qualifies for the ERC, if it falls under one of the following:

- A government authority required partial or full shutdown of your business during 2020 or 2021. This includes your operations being limited by commerce, inability to travel or restrictions of group meetings.
- Gross receipt reduction criteria is different for 2020 and 2021, but is measured against the current quarter as compared to 2019 pre-COVID amounts.

DO WE STILL QUALIFY IF WE REMAINED OPEN DURING THE PANDEMIC?

Yes. To qualify, your business must meet either one of the following criteria:

- Had to change business operations due to government orders
- Experienced a decline in gross receipts by 20%
- Change in business hours
- Partial or full suspension of your operations
- Shutdowns of your supply chain or vendors
- Reduction in services offered
- Reduction in workforce of employee workloads
- Disruption in your business (division or department closures)
- Inability to visit a client's job site
- Suppliers were unable to make deliveries of critical goods or materials
- Reduced space / social distancing requirements for employees and customers
- Change in job roles / functions
- Tasks that couldn't be done from home or while transitioning to remote work conditions
- Lack of travel
- Lack of group meetings

Many items are considered as changes in business operations, including shifts in job roles and the purchase of extra protective equipment.

HOW IS THE REFUND CALCULATED?

Determining the proper amount of a refund is a complex accounting process. Although these are payroll tax credits, what you've paid in payroll tax has no bearing on your ERC calculations. The refunds are based on many factors including qualifying quarters, number of employees, hours worked, wages paid and if applicable, PPP loans, group health premiums and participation in other government programs to name a few.

HOW QUICKLY WILL WE GET OUR SETTLEMENTS?

Multiple factors can affect the amount of time it takes to start receiving your business's refund and checks are issued for each qualifying quarter. You may be eligible to receive a portion of your IRS Tax Return in as little as 4 weeks.

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- Experienced a decline in gross receipts by 20%, or
 - Had to change business operations due to government orders
- Many items are considered as changes in business operations, including shifts in job roles and the purchase of extra protective equipment.

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I'VE BEEN TOLD MY BUSINESS DOES NOT QUALIFY

Our customers have recovered over \$3 billion dollars in refunds for qualified businesses—sometimes for companies that were previously told they did not qualify. It won't cost you a penny to see how much your company may recover.

HOW DO I CHECK THE STATUS OF MY ERC REFUND?

To check the status of your refund, you can call the IRS directly at (877) 777-4778. You can also always reach out to your Customer Service rep for any updates throughout your refund process.