



RESPOND → PLAN → RETURN STRONGER

New Stimulus Program: Receive up to \$19K Per Employee

PRESENTED BY

ERIC J. STENSON



Goals for this Webinar

- 1) Introduce ERC program to you in **plain English**
- 2) Qualifying for ERC
- 3) How to get ERC check



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\$285,530 in ERC credits in 2020

Tax Credits Are...

Spooky

Scary

Cryptic

Mysterious

Hard

Difficult

Onerous

Inconvenient

Confusing



ERC is Different, ERC is Easy

- 1) Check directly to your business
- 2) Easy to claim
- 3) Easy to qualify



Is this a PPP loan?

- ✓ ERC and PPP are two different programs
- ✓ You are allowed to claim ERC credits and have a PPP, PPP-2
- ✓ You cannot use the same payroll for your PPP forgiveness and ERC
- ✓ Recommended: work with a professional firm to claim properly

Why the Legislation?

The Employee Retention Credit, part of the CARES Act, encourages businesses to keep employees on their payroll.

ERC provides your business a check for up to \$19,000 per employee.

ERC exists for both 2020 and 2021.

70% of the first \$40,000 paid to each Employee in 2021 under new legislation

2020	2021
50% of wages paid by an employer whose business impacted by COVID-19.	70% in wages paid by an employer whose business impacted by COVID-19.
\$5,000	\$14,000

*Note: Wages excludes payroll used for PPP forgiveness.
Amount for 2021 may increase to \$28,000 with pending legislation*

United States Treasury

United States Treasury

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United States Treasury

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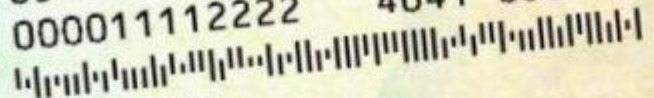
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JOHN DOE
1234 ANY STREET
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VOID AFTER ONE YEAR

REGIONAL DEBIT/DEPOSIT CENTER

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ECONOMIC IMPACT PAYMENT
PRESIDENT DONALD J. TRUMP

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ERC + PPP | Wage Attribution

Under the new Consolidated Appropriates Act of 2021 (the most recent stimulus) your business can have both PPP and ERC. However, wages attributable to PPP loan forgiveness are encumbered and cannot be used towards ERC credits.

Example Company:

- 30 employees at \$45,000 annually
- Annual payroll \$1,350,000
- PPP loan on 5/1/2020 for \$281,250 **“RED” is covered period**
- ERC potential of \$150,000
- FULL (100%) PPP forgiveness and FULL ERC is still achieved because there is sufficient payroll, even though

there is overlap in the time between PPP and ERC.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Total (\$)	112500	112500	112500	112500	112500	112500	112500	112500	112500	112500	112500	112500
PPP					75000	112500	112500	N/A	N/A	N/A		
ERC				112500	37500							

Qualification

- 1) You employ people
- 2) For-Profit *or* Non-Profit Business
- 3) Paid W-2 wages in 2020
- 4) Impact, direct or indirect, due to governmental order

Qualification

- 2019 vs 2020 Meals & Entertainment Costs
- 2019 vs 2020 Travel Expenses
- Additional expenses or costs to the business to deal with COVID?
- Trade Shows & Conferences – gone virtual? Not attended?
- How do you engage with customers and prospects?
- What changes did your business make in response to COVID-19?
- What do you not do now or during COVID that your business used to do?
- How were your office operations impacted?
- How were your warehouse and distribution operations impacted?
- How were your customer-facing operations impacted?
- How were your suppliers and key customers impacted?

Fully or partially suspends operation during any calendar quarter in 2020 due to orders from an appropriate governmental authority limiting commerce, travel, or group meetings (for commercial, social, religious, or other purposes) due to COVID-19 (includes working from home).

Common Mistakes

- Not maintaining documentation related to ERC qualification
- Filing a 941-X for Q1 of 2020.
- Not removing wages attributable to PPP forgiveness, FFCRA, etc.
- Not computing the employer portion of social security tax (50%)
- Not taking the tax paid as a non-refundable portion of ERC on Line 18
- Taking the entire ERC on Line 26
- Not providing the math/calculations as per IRS instructions in the explanation section and instead providing a written explanation.

Common Objections, Misconceptions & Myths

“I cannot get this because I also have a PPP”

“I cannot get this because I did not have a decline in revenue.”

“My CPA will claim this credit on my annual tax return”

“I am an ‘essential business’ so I do not qualify”

“My employees continued to work so I do not qualify”

“My business operations were not suspended”

“I had a net operating loss, so this doesn’t apply to me”

How to Claim

Form 941-X (Rev. October 2020)
 https://www.irs.gov/pub/irs-pdf/f941x.pdf

1 of 5

Form 941-X: Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund
(Rev. October 2020) Department of the Treasury - Internal Revenue Service OMB No. 1545-0029

Employer identification number (EIN)
[] [] [] [] [] [] [] [] [] []

Name (not your trade name) [] [] [] [] [] [] [] [] [] []

Trade name (if any) [] [] [] [] [] [] [] [] [] []

Address
Number [] [] [] [] Street [] [] [] [] [] [] State or room number [] [] [] []
City [] [] [] [] [] [] [] [] [] [] State [] [] [] [] ZIP code [] [] [] [] [] []
Foreign country name [] [] [] [] Foreign province/county [] [] [] [] Foreign postal code [] [] [] [] [] []

Return You're Correcting...
Check the type of return you're correcting.
 941
 941-SS
Check the ONE quarter you're correcting.
 1: January, February, March
 2: April, May, June
 3: July, August, September
 4: October, November, December

Enter the calendar year of the quarter you're correcting.
[] [] [] [] [] [] (YYYY)

Enter the date you discovered errors.
[] [] [] [] [] [] [] [] [] [] [] [] [] [] [] [] (MM / DD / YYYY)

Read the separate instructions before completing this form. Use this form to correct errors you made on Form 941 or 941-SS. Use a separate Form 941-X for each quarter that needs correction. Type or print within the boxes. You MUST complete all four pages. Don't attach this form to Form 941 or 941-SS unless you're reclassifying workers; see the instructions for line 36.

Part 1: Select ONLY one process. See page 5 for additional guidance.

1. Adjusted employment tax return. Check this box if you underreported amounts. Also check this box if you overreported amounts and you would like to use the adjustment process to correct the errors. You must check this box if you're correcting both underreported and overreported amounts on this form. The amount shown on line 27, if less than zero, may only be applied as a credit to your Form 941, Form 941-SS, or Form 944 for the tax period in which you're filing this form.

2. Claim. Check this box if you overreported amounts only and you would like to use the claim process to ask for a refund or abatement of the amount shown on line 27. Don't check this box if you're correcting ANY underreported amounts on this form.

Part 2: Complete the certifications.

3. I certify that I've filed or will file Forms W-2, Wage and Tax Statement, or Forms W-2c, Corrected Wage and Tax Statement, as required.

Note: If you're correcting underreported amounts only, go to Part 3 on page 2 and skip lines 4 and 5. If you're correcting overreported amounts, for purposes of the certifications on lines 4 and 5, Medicare tax doesn't include Additional Medicare Tax. Form 941-X can't be used to correct overreported amounts of Additional Medicare Tax unless the amounts weren't withheld from employee wages or an adjustment is being made for the current year.

4. If you checked line 1 because you're adjusting overreported federal income tax, social security tax, Medicare tax, or Additional Medicare Tax, check all that apply. You must check at least one box. I certify that:

a. I repaid or reimbursed each affected employee for the overcollected federal income tax or Additional Medicare Tax for the current year and the overcollected social security tax and Medicare tax for current and prior years. For adjustments of employee social security tax and Medicare tax overcollected in prior years, I have a written statement from each affected employee stating that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.

b. The adjustments of social security tax and Medicare tax are for the employer's share only. I couldn't find the affected employees or each affected employee didn't give me a written statement that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.

c. The adjustment is for federal income tax, social security tax, Medicare tax, or Additional Medicare Tax that I didn't withhold from employee wages.

5. If you checked line 2 because you're claiming a refund or abatement of overreported federal income tax, social security tax, Medicare tax, or Additional Medicare Tax, check all that apply. You must check at least one box. I certify that:

a. I repaid or reimbursed each affected employee for the overcollected social security tax and Medicare tax. For claims of employee social security tax and Medicare tax overcollected in prior years, I have a written statement from each affected employee stating that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.

b. I have a written consent from each affected employee stating that I may file this claim for the employee's share of social security tax and Medicare tax. For refunds of employee social security tax and Medicare tax overcollected in prior years, I also have a written statement from each affected employee stating that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.

c. The claim for social security tax and Medicare tax is for the employer's share only. I couldn't find the affected employees, or each affected employee didn't give me a written consent to file a claim for the employer's share of social security tax and Medicare tax, or each affected employee didn't give me a written statement that he or she hasn't claimed (or the claim was rejected) and won't

Words of Wisdom

- 1) Do not try to determine “in your mind” if you qualify or do not qualify.
- 2) Do not try to calculate credits or file for credits yourself.
- 3) Work with a professional firm that handles ERC credits to validate eligibility.

Making it **Easy**

There are many professionals available to assist you getting this money and filing amended 941s with the IRS!



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Web: stentam.com



For other firms you may
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Questions?