



I've applied for the ERTC by submitting 941Xs (for the last two quarters of 2020) at the beginning of January this year. I have not received a refund or heard anything from the IRS about those submissions.

Refund claims on a 941X are expected to take a while, and it is unclear exactly how long they will take.

Similarly, I filed a 7200 in February this year, and have not gotten any response from the IRS on that. What is the timeline regarding payments by the IRS.

The 7200 in theory is only supposed to take a couple weeks, but those are generally being delayed as well.

Suppose gross receipts are such that Q2 is the first quarter such that the business is not eligible for the ERTC anymore. Do I understand this right that one still is allowed to file for ERTC in Q2 and Q3, but not in Q4 of 2021?

You would automatically qualify for Q2 under the prior quarter election (assuming Q1 qualified under the gross receipts test). Q3 and Q4 would not automatically qualify unless those quarters themselves qualify under the gross receipts test.

Do you know how backlogged the IRS is in processing ERTC?

VERY backlogged. :(It can very well be months that you wait. We have clients that have been waiting 6+ months.

We have existed since 2019 but did not have employees until this year (2021). Could we still qualify?

Did you have any gross income prior to 2021?

Yes we did

I seems like you could qualify as long as there was a decline in gross receipts/partial shutdown. The ERC would only be available for 2021 since that is when you started to have employees. I would need to put more thought into this to give a more definitive answer since this is a pretty unique fact pattern.

Got it - what would be the best way to follow up about that or to provide more information?

Clark Nuber is providing up to 2 hours of free consulting regarding the ERC through OneEastside. I believe you'd need to reach out to OneEastside to get that process started. They will then help you get connected with us.

Just to confirm, is this eligible to business owners that also received a PPP loan? Thank you.

Yes, as long as you don't use the same wages to claim PPP loan forgiveness and the ERC.

Is the credit a reduction in taxes owed or will you actually receive cash/funds?

Both. The credit will reduce taxes owed and any excess credit will be refunded to the taxpayer.

Is there a time limit on when claims for 2020 paid wages and, separately, 2021 paid wages?

The time limit would be the statute of limitations for amending Form 941, so 3 years from the date the original 941 was filed.



What is the best strategy to maximize ERC while still getting full forgiveness for PPP loans?

Allocate as much non-wage expense that qualifies you for PPP loan forgiveness (e.g., rent) up to the 40% limit on your PPP loan application. That will allow you to claim the minimum amount of wages (60% of the PPP loan) for the PPP loan and the rest of your wages can go towards the ERC.

How do claims relating to 2020 paid wages get filed and paid? I understand that there is provision for this period as well as 2021 paid wages.

You would need to amend your Form 941 to claim the ERC in 2020 and Q1 2021. For the remainder of 2021, you can claim an advance of the credit by filing Form 7200 or claim the credit when you file your Form 941.

What role does the PPP loan granted play, or the new 2021 RRF grant amounts for food service businesses

For the PPP loan, you can't use the same wages to claim PPP loan forgiveness and the ERC. When you receive PPP loan forgiveness, that forgiven amount constitutes gross receipts for purposes of the gross receipts decline test. I have not dealt with the RRF yet so not familiar with the issues regarding those funds.

Do non-profits qualify for the Employee Retention Credit?

Yes

How do State or Regional grants play into the calculations?

Grants are included in the definition of gross receipts so you would need to account for those in determining whether there was a decline in gross receipts.

To qualify based on shutdown for a quarter, do we need to have paid wages DURING the shutdown during a particular quarter?

If you qualify because of a shutdown (rather than a decline in gross receipts when compared to 2019), then the wages paid during the shutdown would qualify for the ERC.

thank you. the wages for the rest of the quarter do not qualify?

They do not unless the quarter itself qualifies under the gross receipts decline test.

How can we best stay informed for the answers of these outstanding questions? The S-Corp shareholder question is important to me.

You can visit our website routinely for updates. We will post updated articles as new guidance comes out. <https://clarknuber.com/covid-19-information-and-resources-for-businesses-nonprofits-and-individuals/>

Just reconfirming it can be 6 months to get ERC via 941X ? I filed Feb 22 and surprised I didn't get it yet.

Yes, that's correct. Be prepared to wait a long time when filing an amended return for the credit.

if we process payroll through ADP and they file our 941s.....Should we file claims through ADP?

That would be a cost effective way to do it since ADP already prepares the 941s.

Q&A Transcript



Do you happen to know, what is the current turnaround time for the IRS to issue the advance if using the 7200 form? 1-2 months?

The 7200 is supposed to take a couple weeks. It is theoretically the fastest way to claim the ERC. Results may vary based on how busy the IRS gets with these claims.

Will the slide deck be available as well as the recording?

Yes and transcript of the Q&A

We filed the 941-X for 2020 Q4 in FEB 2021 applying for 2020 credits, we have not heard back from IRS yet? How can i track this? Does calling IRS work?

The 941-X's are expected to take a while to process. You can try calling the IRS to see what the status is for the refund.

Will this PPT be shared after the session?

Yes

In the "gross receipts decline" way of calculating ERC, for 2021, is there a "grace quarter" in which u have > 20% in gross receipts, but then the subsequent quarter u fall back in gross receipts and meet <20% gross receipts.

If you don't meet the decline requirement in one quarter but do in the next, then yes, you can qualify again in that next quarter. So you could be eligible in Q1, not in Q2, but then eligible again in Q3. There is also a new lookback rule for the gross receipts test in 2021 where you can look to see if you had a 20% decline in a prior quarter. If so, you are then eligible in the current quarter.

FFC sick and family leave, is S-Corp shareholder sick time eligible?

Absolutely! Unlike the ERTC, the FFCRA sick and family leave is available to owners of a business as long as the business is otherwise eligible (less than 500 employees, etc.)