

Process for Submitting Requests for 2020 Employee Retention Tax Credit (ERTC)

A COVID-19 Communication from Questco – August 2, 2021

The CARES Act passed in March 2020 provided eligible employers with a refundable tax credit equal to 50% of certain “qualified wages” paid to its employees between March 13, 2020, through December 31, 2020. This credit, known as the Employee Retention Tax Credit (ERTC), was another incentive intended to encourage employers to keep employees on the payroll. Originally, employers were not allowed to obtain a PPP loan and also claim the ERTC. The Consolidated Appropriations Act (CAA21) provided a much-welcomed modification to the CARES Act by allowing all eligible employers to claim the ERTC, even if they received a PPP loan during 2020.

As communicated earlier in the year, in order to request the ERTC for wages paid in 2020, Questco will need to file an amendment to its previously submitted 2020 IRS Form 941 on behalf of all eligible clients. Questco is now accepting client Employee Retention Tax Credit requests for the period March 13, 2020 through December 31, 2020.

Because of the complexity surrounding the ERTC calculation, clients will be required to provide Questco with the dollar amount of credits they are eligible to receive for the 2020 calendar year.

To get started, here’s what is required of qualifying clients.

Determine Eligibility to Participate in the Employee Retention Tax Credit Program based on the following criteria:

- Employers whose businesses were fully or partially suspended due to an emergency order from an appropriate government authority that limited commerce, travel, or group meetings.
- Employers who had a reduction of at least 50% in gross receipts for the applicable 2020 calendar quarter as compared to the same calendar quarter in 2019.

Threshold for Determining Applicable Wages:

- Employers with 100 or fewer full-time employees, measured as average employment in 2019, the credit applies to wages paid to all employees.
- Employers with more than 100 full-time employees, the credit applies only to wages paid to employees during the time they were not providing services.

Calculation of Credit.

- The credit is equal to 50% of qualified wages paid to an employee after March 12, 2020, in each qualifying quarter, up to a total of \$10,000 in wages per employee for all quarters. The maximum credit for 2020 is \$5,000 per eligible employee.
- Qualified wages include qualified health plan expenses incurred by the employer.

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- Qualified wages do not include expense reimbursements, FFCRA COVID sick or leave pay or wages paid to employees under the time frame of a Paycheck Protection Program (PPP).

Information to be Submitted to Questco.

Once you have determined you qualify for the ERTC for one or more quarters in 2020 as defined above, please complete and submit the following attached documents:

- Client Acknowledgement Form and Agreement
- ERTC 2020 Calculation Worksheet (instructions for completing the Worksheet are included at the bottom of the worksheet page)

Every business is unique, and every client situation is different. We encourage you to partner with your tax accountant or financial advisor to determine how best to maximize the benefits of the Employee Retention Tax Credit and to complete the calculation worksheet that must be submitted to Questco.

ALL 2020 ERTC CLIENT ACKNOWLEDGEMENT FORMS AND ERTC CALCULATIONS MUST BE RECEIVED BY QUESTCO ON OR BEFORE AUGUST 20, 2021.

Upon receipt of the client requests for 2020 ERTC, Questco will file an amended 2020 941. When the IRS issues the credit to Questco to reflect the impact on employer taxes for the 2020 ERTC eligibility, Questco will remit those funds to qualifying clients. Please note that we do not have a timeline on when the IRS will issue credits but anticipate that this will not be a fast-moving process.

If you have any questions, please reach out to your Client Success Manager so that we may assist you.

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