

# NFIB UPDATE

## COVID-19 WEBINAR SERIES FOR SMALL BUSINESS

with Beth Milito and Holly Wade, NFIB



September 22, 2021

Special Guest – Kristi Stone, CPA

Topic – Employee Retention Credit: A CPA Answers Frequently Asked Questions



# DISCLAIMER

- The materials and information provided in this webinar and on NFIB's website are for informational purposes only and not for the purpose of providing legal or tax advice. You should contact your attorney and/or tax professional to obtain advice with respect to any particular issue or problem.
- This is based on information available by 09/21/21.

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# Agenda



- COVID-19 Resources
- Employee Retention Tax Credit
- Q&A
- Send questions to [info@nfib.org](mailto:info@nfib.org)

## Upcoming Webinars

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### ***Getting What You are Owed: Collections 101***

**Wednesday, October 6 @ 12pm EDT**

With special guest **Cliff Ennico, Esq.**

Ennico is a nationally recognized expert on the legal and financial issues facing startup and small businesses, and the author of eight books on business law and management, including *Moneyhunt: 27 New Rules for Creating and Building a Breakaway Business* (HarperCollins 1999) and *The Moneyhunt Guide to Growing Your Business* (Biennix 2000). He is also the author of *Forms for Small Business Entities*, a best-selling collection of small business legal forms published by West Group.

Ennico has law offices in Fairfield, Conn., where he specializes in small businesses and startup companies. He speaks nationwide on legal issues and developments affecting entrepreneurs.



## Upcoming Webinars

**DON'T MISS IT!**

**NFIB's *Special Fall Webinar Series***  
**Small Business Reset and Recovery**  
**First Wednesdays 12 PM EST FALL 2021**

Episode 2 – Wednesday, October 6: Cliff Ennico, Esq.  
***Getting What You are Owed: Collections 101***

Episode 3 – Wednesday, November 3: Marty Abo, CPA  
***Why Every Small Business Owner Needs an Exit Strategy Now and How to Create One***

Episode 4 – Wednesday, December 1: Donna Botti  
***Digital Marketing Boot Camp for Small Business***

# COVID-19 Resources

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- [Paycheck Protection Program \(forgiveness\)](#)
  - [Economic Injury Disaster Loan](#) - ***still open!***
  - [Employee Retention Credit](#) - ***still open!***
  - [Shuttered Venue Grant](#) – ***still open!***
  - [COVID-19 Paid Leave Tax Credits](#) - ***still open!***
  - [SBA Updates](#) – [sba.gov/updates](https://sba.gov/updates)
  - [NFIB Coronavirus Resources](#) (including past webinars)

# Economic Injury Disaster Loan (EIDL)

## PURPOSE

To meet financial obligations and operating expenses that could have been met had the disaster not occurred.

## LOAN AMOUNT

For loans approved starting the week of April 6, 2021: 24-months of economic injury with a maximum loan amount of \$500,000. For loans approved prior to the week of April 6, 2021, see loan increases.

## TERMS

30-year loan, no penalties for early payments  
3.75% for businesses (fixed), 2.75% for nonprofits (fixed)

## LOAN DEFERMENT

Deferment Period for all COVID-19 EIDLs until 2022.

## USE OF PROCEEDS

Working capital and normal operating expenses (health insurance, rent, utilities, fixed debt payments).

\* can't use funds for business expansion purposes

**APPLY for EIDL [HERE](#) (directly through the SBA)**





Kristi Stone, CPA



**If owners think they are eligible for claiming the credit but it seems too complicated, what should they do?**

*This is an extremely beneficial credit, so I recommend that all small businesses look into it to see if they qualify. It is well worth the effort!*

*If it seems too complicated, I would recommend a couple options:*

- a. Engage a CPA to help you with the process (the benefit is generally worth the fee!); or*
- b. Do it yourself with an online ERTC calculator.*

## What is the maximum credit amount per employee?

- *2020 – total credit of 50% of qualifying wages of up to \$10k for the year*
  - *Total credit of \$5k per employee for the year.*
- *2021 – total credit of 70% of qualifying wages of up to \$10k per quarter*
  - *Total credit of up to \$7k per employee per quarter, or up to \$28k for the year.*

## What are the differences in eligibility from 2020 to 2021?

**2020: Qualify in one of two ways:**

- 1. Gross Receipts drop of greater than 50% as compared to the same quarter in 2019.**
  - Businesses qualify until the quarter AFTER you get back to 80% of gross receipts as compared to the prior year.**
- 2. Partial suspension of operations due to a governmental order.**
  - (a) need a government mandate; and**
  - (b) the suspension must have a greater than nominal impact on the business.**

**2021: Qualify in one of two ways:**

- 1. Gross receipts drop of greater than 20% in the current quarter as compared to the same quarter of 2019 OR a 20% drop in the immediately preceding quarter as compared to the same quarter of 2019.**
- 2. Partial suspension of operations due to a governmental order.**
  - (a) need a government mandate; and**
  - (b) the suspension must have a greater than nominal impact on the business.**

# Are owner's wages eligible for the Employee Retention Credit?

*New guidance issued by the IRS in August:*

- *If an owner of a corporation has any living ancestors, siblings, children, or other living relatives – regardless of whether those family members are involved in the business – then the owner's wages do NOT qualify.*
- *If the owner has no living relatives, then the owner's wages do qualify.*

# **If an owner filed for the ERTC retroactively to claim the credit on wages in 2020, do they have to amend their 2020 tax return?**

*The IRS released additional guidance on this question in August.*

- *Answer: Yes, a business does have to amend their 2020 tax return.*
- *A business is required to reduce their payroll expense on their 2020 tax return by any ERC credit that they've received for 2020.*
- *If a business claimed \$100k of payroll expense on their 2020 tax return, and they receive an ERC credit for \$20k, they must reduce their payroll expense by \$20k on their 2020 return.*

# Can I claim wages that were paid for during my PPP covered period but not paid for by PPP loan funds?

*Yes, you can. However, any wages that you include on your PPP loan forgiveness application, up to the “minimum amount of qualified wages...necessary to obtain the forgiveness of that amount of the PPP loan,” cannot be included in your ERC. (Notice 2021-20, Q/A #49)*

## *Example #1:*

- *PPP Loan of \$100,000*
- *You claimed all payroll costs, and \$0 non-payroll*
- *You would be unable to claim the \$100k on your ERC*

## *Example #2:*

- *PPP Loan of \$100k*
- *You claimed \$70k in payroll, and \$30k in non-payroll*
- *You would be unable to claim the \$70k on your ERC*

\*Refer to IRS Notice 2021-20, Question #49 for guidance/examples around the interplay between PPP and ERC.

## What is the easiest way to claim the ERC credit?

- *File a Form 941 for the current quarter*
  - *If you're able to identify that you qualify in the current quarter before the quarter closes, you should include your ERC and any qualified wages on your current 941.*
  - *Fastest and easiest way to file.*
- *File a Form 941X for previous quarters*
  - *If you're retroactively claiming your ERC for prior quarters, you will file a Form 941X.*



## How long is it taking to receive the credit after filing for it retroactively?

- *941X = 5-6 months;*
- *941 = 1-2 months.*

## How long will we be able to claim the credit retroactively?

- *3 years from the date that a business filed their original 941.*

## What if I file a Form 943 – can I still apply?

- *Absolutely, as long as you meet the ERC qualification requirements.*
- *Form 943 is specific to the agricultural business, but the same ERC rules apply.*
- *ERC has been built into the latest form 943 and 943X.*
  - *Line 12c, line 14e, line 20, and line 21.*

**ERTC Consultations with Kristi can be booked at the following link:**

<https://calendly.com/kristi-m-stone-cpa>

