



EMPLOYEE LIABILITY MANAGEMENT, INC.

ERTC & PPP

Update March 24, 2021

Unfortunately, we still have more question than answers specifically regarding Employee Retention Tax Credits (ERTC). However, we already have several clients that have submitted their information or have called requesting reports to prepare that data. So, we wanted everyone to know that we are actively working on this and also answer a few common questions.

Question: When is the last day to file for PPP forgiveness? The PPP loan forgiveness application forms (3508, 3508EZ, and 3508S) display an expiration date of 10/31/2020 in the upper-right corner. Is October 31, 2020 the deadline for borrowers to apply for forgiveness?

Answer: *No. Borrowers may submit a loan forgiveness application any time before the maturity date of the loan, which is either two or five years from loan origination. However, if a borrower does not apply for loan forgiveness within 10 months after the last day of the borrower's loan forgiveness covered period, loan payments are no longer deferred and the borrower must begin making payments on the loan. For example, a borrower whose covered period ends on October 30, 2020 has until August 30, 2021 to apply for forgiveness before loan repayment begins.*
(Small Business Administration)

Question: How is ELM going to handle ERTC for 2020?

Answer: At this point, we will have to file corrected 941 tax forms for each quarter of 2020 and send those in and wait for a refund check. Many organizations have written the IRS requesting that all credits can be reported on just the 4th Quarter 2020 941 for the entire year. At this point, the IRS has not responded to that request.

Question: Will ELM have a deadline on when these requests can be submitted?

Answer: Yes, to be fair to all clients and in an effort to avoid having to file multiple corrected 941s which will only cause further confusion and delays, we will soon be announcing due dates. If the rule doesn't change regarding the corrected 4th Quarter 941 being the only necessary form, we will announce 3 separate due dates starting with 2nd Quarter 2020.

Question: How long will it take to get the money once the corrected 941 forms have been submitted?

Answer: Normally, it takes several months from when a corrected 941 is submitted until the IRS acknowledges it. This timeline will be further exacerbated due to the mass volume of forms they will be receiving. Unless they provide more clarity, change their method of processing these forms, reduce the number of required corrected 941 forms per company from 3 to 1, and increase their processing capacity, we expect delays to drag for multiple months and could easily spill into 2022.

Question: What about ERTC for 2021?

Answer: All ELM clients will need to submit Form 7200 directly to the IRS for 2021 credits and send us a copy for any necessary reporting. This is actually a much cleaner process than 2020 and it would not be surprising if businesses started receiving these funds well before 2020 credits.

Question: Is ELM charging anything for assisting with PPP and ERTC?

Answer: Absolutely not! We feel it is our duty and responsibility to provide any assistance that we can for our clients especially in a situation like this. We are all in this mess together and we want to do our part in helping all of our clients get through it as quickly and successfully as possible.

Question: Can ELM help us calculate our ERTC?

Answer: We will provide any reports that you could possibly need and will obviously be handling filing the corrected 941s for 2020. However, we feel that it is in your best interest, to get with your accountant or tax professional for assistance. They understand the uniqueness of your business and will have a much better grasp on the best way for you to navigate this situation. As a side note, we have heard of a few companies popping up and offering to prepare your forms in exchange for a percentage of the credit. Unless you have other long-term relationships with this provider, we highly recommend avoiding this type of arrangement. Filing for and receiving the credit in itself is not a simple process. We can easily see multiple ways that a mistake or error could be made while calculating this information. If that were to happen or if you are ever required to explain how the credit was obtained, your accountant will be an invaluable resource.

Thank you for your time and as always thank you for the opportunity to work for you. If you would like to discuss this or anything else in greater detail please call us @ (251) 470-0700 or via email joe@elminfo.com.

Your Staff @ ELM