



Employee Retention Tax Credit (ERTC) Update ***April 13, 2021***

We apologize for the multiple updates and changes to how the Employee Retention Tax Credits (ERTC) are being handled but this is an unprecedented situation which has caused the various government agencies to adapt and change their processes as they go along.

We feel that a clear direction is starting to emerge on the best way to process these credits. We are going to prepare corrected 941s by quarter for both 2020 and 2021, submit those to the IRS and then wait for them to be processed and have a check issued. Once the check has been issued, we will then turn around and cut a check to each client based on their reported information. From various conversations with the IRS and industry experts, we want to warn everyone that this is going to be a very long process. Apparently, the IRS is running about a year behind in processing their normal transactions so this will only cause additional delays. We have heard of a few businesses that have already received refunds but that just seems to be extremely isolated and random.

With all that said, we want to process these in the best way possible to avoid adding additional delays and confusion. Therefore, we are going to try and limit the number of corrected 941s we prepare per quarter. This is going to require a lot of help and cooperation from the clients. The following is the plan we have developed to hopefully make this as smooth as possible under the circumstances:

- **2nd Qtr. 2020** ERTC credits – please submit your 7200 form by **May 31, 2021**
- **3rd Qtr. 2020** ERTC credits – please submit your 7200 form by **June 30, 2021**
- **4th Qtr. 2020** ERTC credits – please submit your 7200 form by **July 31, 2021**
- **1st Qtr. 2021** ERTC credits – please submit your 7200 form by **August 31, 2021**
- **2nd Qtr. 2021** ERTC credits – please submit your 7200 form by **Sept 30, 2021**

Even though we are hoping to avoid more than one submitted corrected 941 per quarter, we understand that things happen and we want all our clients to receive any funds they are entitled to. Therefore, if we receive any 7200 forms for a quarter after their due date, we will hold those forms and submit one final corrected 941 for the affected quarter(s) on **November 15, 2021**.

PLEASE NOTE

The IRS 7200 form was designed as an advance credit to only be used for 2021. However, we are going to use them strictly for informational and tracking purposes. Therefore, you will submit a 7200 form to us for each applicable quarter in 2020 and 2021 and note on the form which quarter the credit applies. **Please email the 7200 form(s) directly to chuck@elminfo.com.**

ELM will be happy to produce any reports that you might need. Please let your payroll processor know exactly what you need and for what dates. However, you will need to engage the services of an accountant or tax professional to prepare the 7200 forms.

COMPLETED QUARTERLY 7200 FORMS FOR 2020 AND 2021 ARE SENT TO ELM AND NOT DIRECTLY TO THE IRS